



Daily Report

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Daily Report China

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General

GATT Panel Said To Approve Chinese Petition

OW0109113988 Beijing Domestic Service
in Mandarin 0930 GMT 29 Aug 88

[Text] Quoting information revealed by a Japanese Government personage, SANKEI SHIMBUN reported on 29 Aug that the working group of the Council of the General Agreement on Tariffs and Trade [GATT] has basically agreed to accept China's application for reinstatement in the organization. If all examination and approval procedures go smoothly, China is expected to be reinstated in the GATT next year.

Foreign Government Loans Facilitate Growth

OW3108090088 Beijing XINHUA in English
0640 GMT 31 Aug 88

[Text] Beijing, August 31 (XINHUA)—China has received foreign government loans totalling 10.9 billion U.S. dollars since 1979, the newspaper, the "FINANCIAL NEWS", quoted Vice-Minister Shen Jueren as saying today.

Fifty-eight percent of the foreign money has been used to import technology to promote the technological upgrading of smaller enterprises and speed up the growth of China's transport and energy industries.

Shen Jueren, vice-minister of foreign economic relations and trade, called for efforts to "widen the channel of foreign governmental loans" and raise their ratio to China's foreign debt.

He called on China's foreign debt managers to have a thorough understanding of the technological advantages and interest rates of loaning countries.

They should contact Beijing-based representative offices of foreign firms and banks to obtain all relevant materials, he said.

He pledged to strictly implement loan agreements signed with foreign countries and repay foreign loans on schedule.

UN Chief Wins Support in Handling Gulf Talks

OW3108124788 Beijing XINHUA in English
1200 GMT 31 Aug 88

[Text] Geneva, August 31 (XINHUA)—U.N. Secretary-General Javier Perez de Cuellar has been given "unanimous support" by all U.N. Security Council members for his efforts to break the current deadlock in Iran-Iraq direct peace talks on implementing U.N. Resolution 598.

Before going up to his U.N. Geneva office, Perez de Cuellar told reporters that he has won "unanimous support" from all the member states of the U.N. Security Council. He said he is "very encouraged."

"This has proved that I'm not alone in the talks as a broker," he said in both French and English. "I have strong support behind me," he added.

He said he will have shuttling consultations with the Iranian and Iraqi delegations today in order to find out a solution which "satisfies both sides."

However, he said, "time is running out because I have other commitments." "Today I hope they make significant progress," he said.

He is "considering in mind to appoint a private representative" to take his mediating place and the appointee will be announced "today or tomorrow," the U.N. chief added.

The Iran-Iraq direct talks were bogged down as Iraq insisted on first considering freedom of Gulf navigation and immediate clearing up Shatt al-Arab and Iran stuck to the 1975 Algiers border treaty and demanded Iraqi troops withdrawal from 1,000 sq km of Iranian territory.

In order to break the deadlock, Perez de Cuellar has reportedly drafted a compromise proposal which asked Iran to agree to free navigation in the Gulf in return for Iraq's pull-out of its troops from Iranian land.

In addition, the U.N. chief also proposed to push aside the issue of Shatt al-Arab's sovereignty to leave the stingy [as received] issue of the fourth point of U.N. Resolution 598 to later negotiation, a U.N. source said here.

In his exclusive interview with the French news agency AFP last night, Iranian Foreign Minister 'Ali Akbar Velayati demanded a linkage between Iran's consent to free navigation in the Gulf and the Strait of Hormuz and Iraq's immediate withdrawal of forces from the 1,000 sq km of Iranian land.

Iraqi Foreign Minister Tariq 'Aziz told a press conference on Monday that Iraq refused to discuss measures to consolidate the 10-day-old Gulf ceasefire until Iran meets his demands on navigation rights and on clearing up Shatt al-Arab.

Perez de Cuellar told reporters late Tuesday that to clear up Shatt al-Arab is not a problem. "The difficulty is when they should discuss the issue of sovereignty of Shatt al-Arab," the only outlet to the sea for landlocked Iraq.

Experts Discuss Worldwide Wave of Reform

HK3108094588 Beijing GUANGMING RIBAO
in Chinese 23 Aug 88 p 1

[Report: "Study Seriously the Worldwide Wave of Reform and Readjustment—Editorial Department Invites Experts and Scholars to a Discussion Meeting"]

[Text] On 7 August, we published an article by Zheng Bijian and Guo Zhenyuan, entitled "Comments on Worldwide Wave of Reform and Readjustment," which finds an echo in society. The article says: "Since the late 1970's, and especially since the 1980's, a worldwide upsurge of reform and readjustment has been in the making." This has aroused great interest and concern among readers. In order to further study and probe into this question, our editorial department invited some experts and economists in Beijing to a discussion meeting on 20 August.

The participants were Comrades Peng Di, Wang Shu, Dong Fureng, Li Yueguo, Mei Wenbin, Huang Tingwei, and Feng Zhaoqui. They all held that the worldwide wave of reform and readjustment that has emerged since the 1970's covers an unprecedentedly wide range of fields and has a profound content and far-reaching influence. Taking into consideration the developments in the political, economic, scientific and technological, and social fields and in international relations, they put forward many ideas on the origin, present situation, and current problems of this wave, as well as the measures China should adopt in this regard.

They held that at present, many countries, including the two superpowers, the United States and the Soviet Union, are all making great efforts to readjust their internal and external policies. "Seeking peace outside and making changes inside" and "seeking development and transformation" has become the general trend of the times and the desire of the people. All those who go against this trend will lag behind and will be eliminated in the worldwide competition. The participants listed a host of facts to prove that the most profound motive force for this worldwide wave is the demand of the development of productive forces. The current wave of reform and readjustment is not aimed at contending for superiority in a particular area but at striving for a favorable strategic position in the world in the 21st century and at strengthening "comprehensive national strength," including strength in the economic, scientific and technological, educational, cultural, political, military, ideological, and diplomatic fields. Many comrades held that China's reform, which has been carried out for 10 years, is an important part of the worldwide wave of reform and readjustment. This wave has brought to China rare opportunities for development (such as a comparatively long period of peace and a stable external environment) and posed severe challenges for it. We must pay close attention to and make a conscientious study of this important trend. While building socialism with distinctive Chinese characteristics in light of the

realities of our country, we must also assimilate and learn from the experiences and lessons of other countries so that we can further emancipate the mind, emancipate the productive forces, and promote our overall reform.

The discussion was chaired by Wang Chen, deputy editor in chief of our paper. Yao Xihua, editor in chief, attended the meeting and made a speech. Fang Gongwen, deputy editor in chief, and Jia Bin, director of the international department, were also present at the meeting. Excerpts of the speeches made by the experts will be published later by this paper.

United States & Canada

First of Pershing Missiles Withdrawn From FRG

OW0109202688 Beijing XINHUA in English
1446 GMT 1 Sep 88

[Text] Bonn, September 1 (XINHUA)—The first batch of U.S. Pershing II nuclear missiles was removed today from the U.S. Waldheide Base near Heilbronn.

The nine missiles will be sent back to the United States for destruction.

The missile removal is part of last year's U.S.-Soviet agreement to eliminate intermediate nuclear forces (INF) around the world.

Federal German Government spokesman Friedhelm Ost told reporters here today that the withdrawal of the first batch of U.S. missiles from Federal Germany was "a major event" in post-World War II history.

Ost said that Chancellor Helmut Kohl would continue firmly along "the road of achievements." But Kohl stressed that the peace policy to safeguard security will work only when both East and West reduce all arms.

More than 20 military trucks carrying the nine missiles left the Waldheide Base this morning under the gaze of more than 100 reporters and dozens of demonstrators who stood outside the U.S. base watching the departing trucks.

An aged woman, who put a bunch of flowers on the iron fence of the base, said: "I am really very happy, because today is an historical day indeed."

According to a 1983 NATO resolution, 108 Pershing II nuclear missiles are deployed in Federal Germany. These missiles and other intermediate-range nuclear missiles are to be eliminated within three years according to the U.S.-Soviet INF Treaty.

Superpowers Urged to Curb Tritium Output
OW0209011288 Beijing XINHUA in English
0028 GMT 2 Sep 88

[Text] Washington, September 1 (XINHUA)—The United States and the Soviet Union are urged to reduce the production of a key component of nuclear weapons as a way to accelerate the cutbacks in their nuclear arsenals.

The call was made by a group of U.S. arms control specialists, headed by Carson Mark, associated with the Nuclear Control Institute, a Washington-based policy group.

In an article to be published Friday in the journal "SCIENCE", the group contended that it is necessary to stop further production of tritium, a hydrogen isotope that decays at a rate of 5.5 percent every year. Tritium is used in the warheads of the modern, compact nuclear weapons deployed by the superpowers.

Mark said that the 5.5 percent annual decay of tritium can serve as a "forcing function" to produce steady, verifiable reductions in the superpowers nuclear arsenals.

"Such reductions would result in a comprehensive 50 percent cut in warheads by about 12 years after an agreement—the year 2001, if the cutoff were to begin now," Mark said.

He believed that mutual suspension of new tritium production would represent "a shared commitment to keep reduction in nuclear armaments going at steady pace."

However, a scientist of the Lawrence Livermore National Laboratory doubted if the proposal is practical.

"Asymmetries in nuclear materials production capabilities, design practices and delivery system capabilities could lead to disparate impacts on the U.S. And Soviet stockpiles, possibly leaving the U.S. in a vulnerable position," W.G. Sutcliffe said in another article also published by the journal.

"Any proposal to limit nuclear materials as a means of arms control is premature," he said.

Afghan Bombing of Pakistan Condemned
OW0209001688 Beijing XINHUA in English
2330 GMT 1 Sep 88

[Text] Washington, September 1 (XINHUA)—The United States today condemned the bombing by warplanes from Afghanistan to a Pakistani village, saying it is a violation of the Geneva accords on Afghanistan.

Five aircraft from Afghanistan reportedly bombed a village in the outskirts of Peshawar, Pakistan, killing 1 person and wounding at least 18 others.

"This is the latest and most extreme incident of armed intervention from Afghanistan against Pakistan's territorial integrity," State Department spokeswoman Phyllis Oakley said. "The United States Government condemns this act of aggression."

The spokeswoman said this incident is a violation of the Geneva accords. She said that the United States is consulting with the Government of Pakistan and will be raising it with the Soviets and with the United Nations.

She said Under Secretary of State Michael Armacost, who is in Moscow now, will discuss a full range of Afghanistan issues with the Soviets.

Oakley said it's not clear whether Soviets or Afghans piloted these planes. However, she did note that the Soviets have been closely involved in Afghan air operations.

The State Department said earlier this week that the Soviet Union had violated the Geneva accords on Afghanistan by sending aircraft from Soviet territory to bomb Afghan guerrilla positions inside Afghanistan.

U.S. Welcomes Reported Cuba-Angolan Rebel Talks
OW0209001388 Beijing XINHUA in English
2334 GMT 1 Sep 88

[Text] Washington, September 1 (XINHUA)—The U.S. State Department today expressed a cautious welcome to reported direct talks between Cuba and U.S.-backed Angolan rebels.

"As a general principle, we welcome any development that can help provide the basis for a resolution of the civil war in Angola," Phyllis Oakley, deputy spokeswoman for the State Department, told a press briefing today.

"THE WASHINGTON POST" quoted administration sources as reporting today that Cuba has secretly held its first direct talks with Jonas Savimbi's National Union for the Total Independence of Angola (UNITA) in the Ivory Coast capital of Abidjan.

The sources said that the 2 sides held 2 days of talks last weekend designed to work out a settlement of the civil war in Angola.

Asked to comment on the report, Mrs Oakley said that the United States has spoken to both UNITA and the Government in Luanda to bring the conflict in southwestern Africa, and Angola in particular, to an end.

"It's only natural that Cuba should do so as well, given its important stake in developments in Angola," Oakley said, referring to an estimated 50,000 Cuban troops in Angola.

In the end, the spokeswoman added, only direct talks between the Angolan parties in the conflict can produce a settlement that would bring a lasting peace to Angola.

Bush 'Apparently' Survives Quayle 'Brouhaha'
OW0109083088 Beijing XINHUA in English
0537 GMT 1 Sep 88

["Roundup: Bush Apparently Survives Brouhaha Over Quayle, (by Bao Guangren)"]—XINHUA headline]

[Text] Washington, August 31 (XINHUA)—U.S. Republican presidential nominee George Bush has apparently survived the brouhaha over his running mate, Senator Dan Quayle.

The U.S. press' interest has been cooling down day by day over the 41-year-old senator's possible use of his wealthy family's influence to get into the National Guard in 1969 and dodge combat duty during the Vietnamese war, and his alleged relationship with a woman lobbyist.

THE CHRISTIAN SCIENCE MONITOR said today that the thunderstorm has passed over the vice presidential nominee, and the negative media coverage of Quayle "has done nothing but rain" on the GOP parade.

Analysts here said that ultimately the controversy over Quayle may help the Republican ticket to some degree.

Quayle, who had been little known in the U.S., became a household name very quickly, thanks to the negative press coverage and endless recapitulations of his background. He now is seen as having gained some sympathy as an "underdog."

In the latest Gallup poll, 55 percent of American voters said the media was "unfair" to Quayle and 69 percent said there was "too much" coverage of his background.

So the jury remains out on how badly criticism of Quayle's stature and qualifications actually hurt the ticket in the long run.

For the present, though, the controversy over Quayle has shifted the focus away from Democratic presidential nominee Michael Dukakis, which is seen as good for Bush.

Another poll taken for the TIMES MIRROR Company last weekend put Bush's favorable rating at 65 percent, up from 52 percent in May, while his unfavorable rating dropped from 40 percent in May to 30 percent.

However, Bush also faces possible trouble ahead. Analysts believe that if Quayle stumbles over the course of the campaign, or if there are further revelations about his background, the credibility of the Republican ticket would be undermined.

Although Bush's current situation has been described as "golden," analysts are cautious about whether he can sustain that level in campaigning without a reappearance of the poor image he had earlier in the campaign.

Inner Mongolia, U.S. Firm Set Up Joint Venture
OW3108141188 Beijing XINHUA in English
0743 GMT 31 Aug 88

[Text] New York, August 30 (XINHUA)—China's Inner Mongolia and a U.S. trade company have agreed to establish a joint venture company to be engaged in trade between Inner Mongolia and the U.S., Taiwan, Japan and some European countries.

According to an agreement, signed by Bu He, chairman of the Inner Mongolian Autonomous Region's government, and the U.S. Fortunate Intertrade Group, Inc. (FIGI), the new company is named Hing Fu International Trade Inc. (HFITI). It is to be shared equally by the Xingyuan Trade Co. of Inner Mongolia, and FIGI. HFITI, the first joint venture company between Inner Mongolia and the U.S., will formally start its work on October 1, 1988. It will also serve to introduce professional people for purposes of exchange, and for absorbing foreign investments and advanced technology for the development of the autonomous region.

Pei Yingwu, the vice-chairman of the regional government, said HFITI has drawn the interest of many American clients, and has established close business contacts with several Taiwan and Japanese companies. This will help the autonomous region explore its abundant coal, rare-earth metal, and forest resources, and to develop the fur-processing industry, he added.

Jack Juang, the representative of FIGI, was optimistic about the future of the company, adding that modern technologies must be applied to raise the value of the abundant natural resources of the region. It would be meaningless to try to sell the resources within the region.

With a total area of 1.18 million square kilometers in northern China, Inner Mongolia has an estimated coal reserve of 200 billion tons, while its rare-earth metal accounts for 80 percent of the total reserve in the world.

Tianjin Government Group Visits Philadelphia
SK0109040088 Tianjin City Service in Mandarin
2330 GMT 31 Aug 88

[Text] Upon the invitation of Mr Goode, mayor of Philadelphia in the United States, a five-member delegation of the Tianjin Government, headed by Vice Mayor Nie Bichu, headed for the United States from

Beijing by plane on the morning of 31 August to participate in the symposium on economic and trade cooperations cosponsored by Tianjin and Philadelphia, and to pay a friendly visit.

The delegation was seen off by municipal leaders Liu Jinfeng, Zhang Lichang, Liu Zengkun, Zhang Zhaoruo, Xiao Yuan, [name indistinct], and Wang Peiren upon its departure from Tianjin.

Mississippi Governor, Delegation Visit Hainan

OW0109184088 Beijing XINHUA in English
1346 GMT 1 Sep 88

[Text] Beijing, September 1 (XINHUA)—The American State of Mississippi is aggressively seeking opportunities in China's newly founded Hainan Province. A seven-member government delegation from Mississippi State, led by Governor Ray Mabus, visited Hainan Island for three days beginning August 29.

At a press conference here today, Mabus said that his party met with Hainan's first Governor Liang Xiang and other officials, a day after the provincial People's Congress concluded its first session, to discuss the establishment of sisterly ties and economic and cultural cooperation between the U.S. state and China's newest province.

Mabus said that Mississippi and Hainan share the same needs and potential for development. In a written statement, the governor said that "China has made great efforts to improve its economy, and Mississippi wants to be a part of that development." The two sides have agreed to cooperate in the forms of bilateral investment and exchanges in agriculture, forestry, industry, energy, communications and transportation.

When asked why he chose Hainan for his first overseas trip as state governor, Mabus said that Hainan is a new province with a favorable environment for foreign investment.

With a population of 2.5 million, 40 percent of whom are blacks, Mississippi was preoccupied with racial problems until the 1960's. The old Mississippi tradition prevented timely government reforms, and education and foreign trade development. Now, only 12 percent of its gross state product comes from exports.

The 39-year-old Mabus is the youngest American governor. He was elected to office in November last year, promising "basic and drastic changes", and vowing that "Mississippi will never be last again."

Although Mississippi is the poorest state in America in terms of per capita income, the new governor seems quite confident he can change the image of his home state. "You have a lot of freedom when you are last because you can't fail," he added.

Although it is the birthplace of Mississippi River culture and the leading American writer William Faulkner, Mabus did not think the state marketed itself well around the world economically. He perceived his mission to Hainan as being the first step in opening Mississippi's door and for a long and fruitful trade partnership with China.

Soviet Union

Further Reportage on Visit by USSR's Rogachev

Foreign Ministry Spokesman Cited

HK0109115188 Beijing ZHONGGUO XINWEN
SHE in Chinese 1052 GMT 1 Sep 88

[Report: "Jin Guihua Says China and the Soviet Union Have Common Ground as Well as Differences"]

[Text] Beijing, 1 Sep (ZHONGGUO XINWEN SHE)—In reply to a question raised by a reporter at today's news briefing, Chinese Foreign Ministry Spokesman Jin Guihua said: The working meeting between the Chinese and Soviet vice foreign ministers showed that the two sides have common ground as well as differences.

Concerning the "common ground," Jin Guihua said: During the meeting, both sides stood for a fair and reasonable settlement of the Cambodian issue by political means and indicated that they will try their best to attain this goal. This spokesman, however, did not explain the "differences."

The meeting ended today after four rather lengthy sessions. During these sessions, the Cambodian issue was discussed. The discussion was mainly focused on the complete withdrawal of Vietnamese troops from Cambodia as soon as possible.

Jin Guihua's comments on this working meeting were: The meeting was beneficial and it was held in an earnest, frank, and pragmatic [qiu shi de 3061 1395 4104] atmosphere. It has enhanced mutual understanding. It is hoped that it will contribute to the improvement of the relations between the two countries. According to him, the two sides did not discuss schedules for the next meeting.

Jin Guihua revealed: The two sides will soon release some new news, which is being discussed.

Jin Guihua commented on Sino-Soviet relations at the request of reporters. He said: In recent years, the relations between the two countries have been improving in certain specific fields, mainly the economic, trade, scientific, technological, and cultural fields. However, there are still obstacles in their relations and normalization has not been achieved.

He said: The Soviet Union is the sole direct supporter of the Vietnamese invasion of Cambodia. On the question of urging Vietnam to withdraw all its troops from Cambodia as soon as possible, the Soviet Union should and can play its due role.

Commenting on the question of meetings between the Chinese and Soviet foreign ministers, Jin Guihua said: As this is an important matter, appropriate atmosphere and conditions are necessary. They will exchange visits when conditions are ripe. He added that he had no idea when conditions would be ripe for the exchange of visits between the foreign ministers of the two countries.

Qian Qichen Remarks

*OW0109161488 Beijing XINHUA in English
1545 GMT 1 Sep 88*

[Text] Beijing, September 1 (XINHUA)—Chinese and Soviet vice foreign ministers have conducted candid discussions, done useful work and found some common points during their working meeting concerning the Kampuchea issue, though differences remain over certain major issues.

Chinese Foreign Minister Qian Qichen gave this remark during a meeting here today with Soviet Vice Foreign Minister E.A. Rogachev, who is here for the Sino-Soviet vice foreign ministers' working meeting on the Kampuchea issue.

Vietnam should understand that what it has not been able to achieve in its 10-year-old war of aggression against Kampuchea can never be accomplished in the course of a political settlement, Qian stressed.

Chinese Vice Foreign Minister Tian Zengpei and V.P. Fedotov, charge d'affaires ad interim of the Soviet Embassy, were present on the occasion.

SRV Troop Withdrawal Certain

*HK0209083888 Hong Kong AFP in English 0812 GMT
2 Sep 88*

[By Pierre Antoine Donnet]

[Text] Beijing, Sept 2 (AFP)—A Soviet negotiator left here Friday after the first Sino-Soviet talks on Cambodia saying the talks would help speed the pace of normalisation of relations between the two communist giants.

Soviet Vice Foreign Minister Igor Rogachev's remarks indicated that the two sides had taken an important step during the five days of talks towards achieving a settlement in Cambodia, observers said.

Mr Rogachev said that the total withdrawal of Vietnamese troops from Cambodia was now a certainty and that he hoped it would happen by the end of next year.

Hanoi said earlier this year that it would withdraw 50,000, or about half of its troops, by the end of this year and the rest by the end of 1990, but more recently said it could be completed by the end of 1989 if the resistance coalition and the Hanoi-backed Phnom Penh government reached an accord by then.

Western experts estimate the number of Vietnamese troops in Cambodia at about 120,000.

"The Cambodian question cast a shadow over Soviet-China relations," Mr Rogachev said at the airport, adding that this week's talks "will certainly give a push to the process of normalization between the Soviet Union and China."

"There will be a total withdrawal of Vietnamese troops from Cambodia and we hope it will be next year," Mr Rogachev said, apparently indicating that Hanoi had already made a decision or that Moscow would take the necessary steps to achieve this, observers said.

His Chinese counterpart Tian Zengpei was also optimistic, saying the Soviet Union had agreed on the need for a speedy withdrawal of all Vietnamese troops from Cambodia.

Moscow supplies Vietnam with economic and military aid while China backs the Cambodian resistance coalition, particularly the Khmer Rouge which forms the military backbone of the resistance.

The Khmer Rouge ruled Vietnam from 1975 until a Vietnamese invasion in late 1978 toppled them and installed a new government. They are held responsible for the deaths of hundreds of thousands of Cambodians during that time.

The Vietnamese presence in Cambodia is for Beijing the biggest obstacle to normalising relations with Moscow. Top Chinese leader Deng Xiaoping has several times offered to meet Soviet leader Mikhail Gorbachev if Moscow put pressure on Hanoi to withdraw its troops.

It would be the first Sino-Soviet summit since Moscow and Beijing parted ways in the early 1960's over ideological and strategic differences.

Western diplomats here say that Beijing no longer doubts that Moscow is applying pressure on Hanoi to withdraw, but that Moscow cannot make the pressure public for fear of alienating Hanoi.

Mr Rogachev, who arrived here on August 27, said "we had very intensive negotiations. They lasted for many hours."

"Our working days sometimes lasted for 15 or 16 hours, we have now more common points" on Cambodia, he said.

China used the talks to ask the Soviet Union for a total Vietnamese withdrawal within nine months, pointing to Moscow's own promise last May to withdraw its troops from Afghanistan in a similar timetable and saying there was no reason for Hanoi not to do likewise.

Chinese Foreign Affairs Minister Qian Qichen said during talks with Mr Rogachev Thursday that the discussions had been "sincere," though some differences remain, according to the New China News Agency.

Mr Rogachev added that Soviet Foreign Ministers Eduard Shevardnadze and Mr Qian would discuss Cambodia when they meet in New York in late September for the opening of the U.N. General Assembly.

Ministerial Talks Scheduled

OW0209063888 Tokyo KYODO in English
0611 GMT 2 Sep 88

[Text] Beijing, Sept 2 KYODO—Soviet Deputy Foreign Minister Igor Rogachev said here Friday after concluding a series of Sino-Soviet talks on Kampuchea that the talks will be continued at the bilateral foreign ministerial level later this month in New York.

Rogachev told reporters before going back to Moscow that he was satisfied with the talks with his Chinese counterpart Tian Zengpei, although there were still differences on the issue.

From Sunday to Thursday, Rogachev held four rounds of talks with Tian, which were aimed at seeking a political settlement of the Kampuchean conflict that would pave the way for the first Sino-Soviet summit since 1969. The expected talks between Soviet Foreign Minister Eduard Shevardnadze and his Chinese counterpart Qian Qichen will be held while they are attending a United Nations General Assembly meeting in New York at the end of this month.

Political analysts believe promotion of the talks to the foreign ministerial level means substantial progress on the Kampuchean problem was made in Rogachev's talks in Beijing. Rogachev said both sides had deepened mutual understanding in the long and concentrated talks in Beijing and that the talks had been beneficial.

The most important thing, Rogachev said, was that the Soviet and Chinese delegates had sat round a table to discuss how to solve the Kampuchean issue although they still had their differences.

Further on End of Talks

HK0209033688 Hong Kong AFP in English 0325 GMT
2 Sep 88

[Text] Beijing, Sept 2 (AFP)—Soviet Vice Foreign Minister Igor Rogachev left here Friday [26 August] after five days of talks on Cambodia, saying the discussions had quickened the pace toward normalized relations between Moscow and Beijing.

Speaking to reporters at Beijing Airport, Mr Rogachev added that a total withdrawal of Vietnamese troops from Cambodia—demanded by China—was certain.

"There will be a total withdrawal of Vietnamese troops from Cambodia and we hope it will be next year," he said.

Chinese negotiator Tian Zengpei, who saw his Soviet counterpart off, said the Soviet Union had agreed on the necessity of a quick pullout of Vietnamese troops who had invaded Cambodia in December 1978.

Mr Rogachev arrived last Saturday in Beijing for the first talks ever held by China and the Soviet Union exclusively on the Cambodian issue.

Leaves Beijing for Home

OW0209081088 Beijing XINHUA in English
0746 GMT 2 Sep 88

[Text] Beijing, September 2 (XINHUA)—Soviet Vice-Foreign Minister E.A. Rogachev left here for home by air today after concluding the Sino-Soviet vice-foreign ministers' working meeting concerning the Kampuchea issue.

Karpov Confirms Possibility of START Treaty

OW0209083288 Beijing XINHUA in English
0747 GMT 2 Sep 88

[Text] Beijing, September 2 (XINHUA)—The United States and Soviet Union could agree on a treaty limiting intercontinental nuclear forces before the end of the year, according to foreign news agency reports reached here today.

The reports quoted a senior Soviet official as saying an agreement on a strategic arms reduction treaty, known as "START," was possible, and that the Soviets would dismantle their radar equipment in Siberia.

U.S. and Soviet negotiators have conducted separate talks in Geneva on START since March 1985. "If we use all possibilities still existing, then the treaty can be reached within the next two or three months," said Viktor Karpov, the Soviet foreign minister's top arms control official.

Karpov was responding to questions about U.S. demands that the Soviet Union dismantle its partially-completed radar installation at Krasnoyarsk, Siberia, before any agreement on the START Treaty can be reached.

Karpov said the Soviet Union will dismantle the equipment at the disputed radar complex in Siberia, only if the United States agrees to extend the Anti-Ballistic Missile (ABM) Treaty by nine to 10 years.

"If we mark time and don't use all possibilities," Karpov said, "then there can be no agreement."

Vorontsov, Armacost Begin Talks in Moscow
OW0109050988 Beijing XINHUA in English
0031 GMT 1 Sep 88

[Text] Moscow, August 31 (XINHUA)—Soviet and U.S. deputy foreign ministers began two days of talks here today on regional conflicts, the official Soviet News Agency TASS reported.

The two-day talks between Soviet First Deputy Foreign Minister Yuliy Vorontsov and U.S. Under Secretary of State for Political Affairs Michael Armacost will focus on regional conflicts in Afghanistan, the Middle East, Central America, southern Africa and Iran-Iraq.

Soviet Policy Toward Afghanistan Assessed
HK0209075388 Beijing GONGREN RIBAO
in Chinese 24 Aug 88 p 4

[Article by Wang Chongjie (3769 1504 2638): "Untying the Knot of Afghanistan: Do the Soviets Admit Their Mistake in Foreign Policy?"]

[Excerpt] As a new leader who came to power after the country endured a drain on resources in the prolonged cold war, Gorbachev needed sufficient courage to admit and correct the mistakes in the previous foreign policy through reflections so as to advance the ambitious domestic reforms in recent years to the diplomatic field. This year, he eventually found that it was the time to take action.

On 8 February, Gorbachev made a statement on the Afghan issue and said: "The military conflicts in Afghanistan have lasted for a long time, and they were one of the most serious and troublesome regional conflicts." The Soviet Union's decision to withdraw its troops from Afghanistan "demonstrates our present political thinking and our new and modern view on the world." "Once the fast knot in Afghanistan is untied, this will produce the most profound influence on other regional conflicts."

On 28 June, in his speech at the 19th CPSU Delegate Conference, Gorbachev also talked about the lesson that should be drawn from the past foreign policy. He said: "In the past, the Soviet Union made 'unrealistic reactions' to the situation when formulating its foreign policy and 'sometimes even made erroneous decisions.' Now, the Soviet Union 'is also required to adopt a new position on international affairs as it is carrying out fundamental domestic reforms.' 'It is necessary to resolutely revise the foreign policy.'"

The resolution of the 19th CPSU Delegate Conference expressed the conference's "complete support for the decision to withdraw troops from Afghanistan according to the Geneva agreement" and stressed that the Soviet

Union's "diplomatic activities should save more funds for the state so as to make greater contributions to peaceful construction and reform."

Thus, Gorbachev became the first leader of the ruling party in a socialist country who openly admitted the major errors of his country's foreign policy.

Now, the Soviet troops have begun to withdraw from Afghanistan. In the 30 provinces of Afghanistan, no Soviet soldier is stationed in 19 provinces.

Many observers thus said that the untying of the fast knot in Afghanistan has helped mitigate the tension in many other hot spots. People are gratified at the developing situation in the settlement of the Cambodian conflicts, the war in Angola, the Iran-Iraq war, and the Arab-Israeli war... The international community in general holds that due to a series of complicated factors at home and abroad, it is hard for Gorbachev to thoroughly realize the objective of setting up a "new diplomatic milestone" by substantially adjusting the Soviet Union's foreign relations, but the force withdrawal may indicate a general tendency of the Soviet diplomacy.

People's common sense is being changed. The continuation of politics may not be necessarily a war which leads to more losses than gains, instead, the war can be replaced with tactful and savvy political talks and mutually beneficial economic exchanges. People hope that in 1988, the international hot spots will begin to cool down.

Soviet Delegation Visits Heilongjiang 30-31 Aug
SK0209013488 Harbin Heilongjiang Provincial
Service in Mandarin 0900 GMT 1 Sep 88

[Text] The Soviet Union's seven-member Altay Kray delegation, headed by (Gayir Faninsk), deputy chairman of the kray executive committee, visited our province from 30 to 31 August after winding up its visit in Liaoning Province.

Correction to Tian-Rogachev Talks

The following correction pertains to the item headlined "Tian-Rogachev Talks, Ties With USSR Viewed," published in the 1 September China DAILY REPORT, page 5: Second paragraph, first sentence: ...[27 August] and the two vice foreign ministers started.... (adding word "vice").

Northeast Asia

No Agreement in North, South Korea Talks
HK0209040588 Beijing RENMIN RIBAO
in Chinese 30 Aug 88 p 6

[Report from Panmunjom: "Fourth Round of North-South Korean Talks Ends Without Reaching Agreement"]

[Text] The fourth round of preliminary talks on the proposed North-South Korean joint parliamentary conference was held on the morning of 26 August at the

"Peace House," located on the southern side of Panmunjom, to continue to discuss the form of the conference, but still failed to reach any agreement.

Chon Kum-chol, chief negotiator of the North's delegation, expressed his willingness to change the North-South joint parliamentary conference into a North-South joint parliamentary session, and the question of all political parties, social organizations, and figures in various social circles being able to participate in the meeting could be discussed at the first meeting of this joint session. The negotiators of the South said that because there will be no time during the period of the Olympic Games, they proposed that the next round of talks be postponed to 13 October. The North side agreed to hold the fifth round of talks in October.

Beijing Radio Commentary on Takeshita Visit

OW0109044788 *Beijing in Japanese to Japan*
0930 GMT 31 Aug 88

[Station Commentary: "Sino-Japanese Friendly Relations Entering a New Stage"]

[Text] On the occasion of the 10th anniversary of the signing of the Sino-Japanese Treaty of Peace and Friendship, Japan's Prime Minister Takeshita paid an official visit to China from 25 to 30 August. This was a memorable event in the history of Sino-Japanese relations. The achievements of the visit will, no doubt, play a significant role in future development of bilateral relations of friendship and cooperation.

Prime Minister Takeshita is an old friend of China. The recent visit was his fifth. During his stay in Beijing, aside from conducting cordial talks with Chinese leaders, led by General Secretary Zhao Ziyang, Deng Xiaoping, and President Yang Shangkun, in particular, he held official talks with Premier Li Peng and had thorough exchange of views on several important problems facing Sino-Japanese relations, the international situation, and regional conflicts. Deliberations were also made on concrete ways to further strengthen bilateral economic cooperation and cultural exchanges.

Chinese leaders maintained that, in order to further develop Sino-Japanese relations, mutual trust should be the basis. Strict observation and steadfast implementation of the principles and spirit laid down in the Sino-Japanese Joint Communiqué and the Treaty of Peace and Friendship are the only guarantee for the healthy development of Sino-Japanese relations. As to certain problems existing in bilateral relations, they should be resolved promptly and positively. They expressed the hope that the two countries would continue to exert efforts to strengthen cooperation and open a new phase in Sino-Japanese friendship.

Prime Minister Takeshita also stated that maintaining and developing friendly and long-term, stable bilateral relations is an important policy for Japan, and indicated

that the Japanese Government's policy of attaching great importance to the Sino-Japanese Joint Communiqué, the Treaty of Peace and Friendship, and the four principles of Sino-Japanese relations in its unrelenting efforts to promote bilateral relations remains unchanged.

The leaders of both countries welcomed the relaxation of tension to a certain degree in the present international situation. They expressed the hope that such a tendency would continue in the future.

On the Cambodian issue, after explaining their respective positions and opinions, both sides were unanimous on the point that, first of all, Vietnam should withdraw from Cambodia. Prime Minister Takeshita indicated that he wishes to continue exchanging views with China on this matter.

During Prime Minister Takeshita's visit to China, he signed the Sino-Japanese Agreement on Protection of Investments. He also announced that, over the 6-year period from 1990, the Japanese Government would offer 810 billion yen in new loans to China, indicating that the Japanese Government is ready to do what it can to help China in its four modernizations drive and implementation of the policies of reform and opening.

Takeshita gave a special speech during his visit to China's ancient capital Xian. In that speech, he said that China and Japan have come to the point of taking a new step towards the 21st century, which is just around the corner. He stressed the importance of cultural exchanges between the two countries.

China and Japan, two Asian countries with different social systems, have come together as a result of historical trends and objective reality. It is the unanimous opinion of all, that Takeshita's recent China visit, which has become the starting point for a new takeoff in Sino-Japanese relations, will play an important role in developing relations between the two countries.

Japan Welcomes Improved Sino-Soviet Ties

OW3108182788 *Beijing XINHUA in English*
1420 GMT 31 Aug 88

[Text] Tokyo, August 31 (XINHUA)—Prime Minister Noboru Takeshita told the Diet (parliament) today that Japan welcomed moves toward rapprochement between China and the Soviet Union who appear to be moving toward a major improvement in their relations.

Speaking at a session of the House of Councillors Budget Committee, Takeshita said he got this impression through a series of talks with Chinese leaders last week.

Takeshita told the same committee session that he welcomes moves between China's mainland and Taiwan to improve ties.

Takeshita returned home Tuesday after a six-day visit to China, where he met with Chinese leaders including Deng Xiaoping, General Secretary of the Chinese Communist Party Zhao Ziyang and Premier Li Peng.

Japan Deploys Ships Around Korea for Olympics
OW0109132788 Beijing XINHUA in English
1028 GMT 1 Sep 88

[Text] Tokyo, September 1 (XINHUA)—The Japanese Maritime Safety Agency (MSA) today began to deploy 280 vessels in the seas around the Korean peninsula as a countermeasure to possible terrorist activities during the upcoming Seoul Olympic Games.

The vessels, including patrol boats normally deployed in the Pacific, are being stationed in the Sea of Japan and off the main southern island of Kyushu, according to Japan's news media.

MSA's Kyushu Division will deploy 500 of its patrol ships and some of its aircraft around the coastal regions. It will also mobilize 12,000 security personnel to take part in the anti-terrorism program.

U.S. Tomahawk-Armed Warships Arrive in Yokosuka
OW3108131388 Beijing XINHUA in English
1158 GMT 31 Aug 88

[Text] Tokyo, August 31 (XINHUA)—Two U.S. warships, equipped with launchers for Tomahawk cruise missiles, arrived at the U.S. Naval Base of Yokosuka, south of Tokyo, today amid protests by peace and civic groups, the KYODO News Service reported.

The 8,600-ton "Fife," a Spruance-class destroyer, and the 9,600-ton "Bunker Hill," a Ticonderoga-class cruiser equipped with the Aegis Air Defense System, entered the port for deployment in Japan. They are suspected of possibly carrying nuclear weapons, KYODO said.

This is the first time for U.S. warships capable of carrying Tomahawk cruise missiles to be based in Japan. The cruise missiles can carry both nuclear and non-nuclear warheads, KYODO said.

Japan's official policy bans production and possession of nuclear arms. It also bans others from bringing nuclear weapons onto Japanese territory.

The "Bunker Hill" and the "Fife" have been said to be equipped with a total of 71 Tomahawk missiles, according to KYODO.

The Municipal Assembly of Yokosuka Tuesday passed a resolution urging the central government to ask the U.S. authorities to suspend the visit by the two ships.

Song Ping Leads CPC Delegation To Japan
OW3108075288 Beijing XINHUA in English
0629 GMT 31 Aug 88

[Text] Beijing, August 31 (XINHUA)—A Chinese Communist Party (CPC) delegation left here today by air for a goodwill visit to Japan at the invitation of the Socialist Party of Japan.

Headed by Song Ping, member of the Political Bureau of the CPC Central Committee, the delegation will exchange views with its host on furthering the relations between the two parties and issues of common concern.

The delegation members include Liang Buting, member of the CPC Central Committee and secretary of the CPC Shandong Provincial Committee.

The delegation was seen off at the airport by Zhu Liang, member of the CPC Central Committee and head of the committee's International Liaison Department.

Honored During Visit
OW3108201488 Beijing XINHUA in English
1430 GMT 31 Aug 88

[Text] Tokyo, August 31 (XINHUA)—A delegation of the Communist Party of China (CPC) flew in this afternoon for an eight-day official visit at the invitation of the Japan Socialist Party (JSP).

The delegation is headed by Song Ping, member of the Central Committee of the CPC and head of the Organization Department of the Central Committee.

Chairwoman of the JSP Takako Doi gave a banquet this evening in honor of the Chinese delegation.

The Chinese delegation is expected to hold talks with the JSP delegation on the two parties' ties and issues of common concern.

Cited on SRV, Korean Issues
OW0109160088 Beijing XINHUA in English
1523 GMT 1 Sep 88

[Text] Tokyo, September 1 (XINHUA)—Visiting senior Chinese Communist Party Member Song Ping said here today that the withdrawal of Vietnamese troops from Kampuchea is the key to a peaceful settlement of the 10-year-old Kampuchean war.

Song, a member of the party's Politburo and head of the party's Organization Department, made the remarks in talks with Tsuruo Yamaguchi, secretary general of the Japan Socialist Party (JSP), a Chinese official said.

Song, who arrived here Wednesday for an eight-day visit, indicated that the Vietnamese pullout would also lead to improved Chinese relations with Moscow, said the official, who spoke on condition of anonymity.

Song told Yamaguchi that the just-concluded five days of Sino-Soviet talks on the Kampuchean issue were held in a friendly atmosphere.

Song and Yamaguchi agreed that the problem on the Korean peninsula should be resolved through dialogue and that both the Chinese party and the JSP can cooperate to help relax tension on the peninsula, the Chinese official said.

Yamaguchi hailed achievements China has made since late-1978, when it adopted a policy of reforms and opening to the outside world.

The JSP leader said his party will continue to further the already good Sino-Japanese ties.

Li Guixian Meets Japanese Daiwa Bank President

OW3108135888 Beijing XINHUA in English
1330 GMT 31 Aug 88

[Text] Beijing, August 31 (XINHUA)—Li Guixian, state councillor and governor of the People's Bank of China, met with Sumio Abekawa, president of the Japanese Daiwa Bank, and his party here today.

Japanese Securities Firm Businessmen Visit

Meets With Zhang Jingfu

OW3008144888 Beijing XINHUA in English
1336 GMT 30 Aug 88

[text] Beijing, August 30 (XINHUA)—Zhang Jingfu, chairman of the China Association for International Personnel Exchange, met with Doi Sadakane, president of the Japanese firm Daiwa Securities, Ltd., here this afternoon.

Zhang extended welcome to Sadakane and his party on their trip to China for the fifth anniversary of the establishment of the company's Beijing office. He also expressed the hope that Daiwa will expand its cooperation with Chinese business and financial circles.

The company also has an office in Shanghai.

President Meets Beijing Press

OW0109045188 Beijing in Japanese to Japan
1430 GMT 31 Aug 88

[Text] Sadakane Doi, president of large Japanese securities firm Daiwa Securities, Ltd., told a press conference that China is fully capable of repaying debts and it will have no problem absorbing large foreign capital investments in the future.

Daiwa President Doi made these remarks in Beijing on 30 August at an event commemorating the fifth anniversary of the establishment of Daiwa Securities' Beijing office.

Doi further said that Daiwa Securities is ranking the credit standing of China as 2-A [as heard]. China's economic growth being fast in tempo and large in scale, there is no need to be worried about its ability to repay debts, he explained.

Daiwa Securities has provided close financial cooperation to China since 1980, procuring for it large sums of capital funds from Japan and other international money markets.

Japanese Investment Shows Rapid Increase

HK0109062888 Beijing CHINA DAILY
in English 1 Sep 88 p 2

[By staff reporter Xie Songxin]

[Text] Japanese businesses are increasing investment in China at a pace faster than those of other industrialized countries as they are more confident about the country's investment environment.

Japanese businessmen were committed to invest \$2.02 billion in 506 projects by June—1.9 times as much as in the same period last year.

Chu Baotai, deputy director of the Foreign Investment Bureau of the Ministry of Foreign Economic Relations and Trade, predicted the increase would become faster since China and Japan signed an investment protection accord last Saturday.

"The accord makes investors on both sides feel secure as it projects their legal rights in both countries," he told CHINA DAILY.

Chu said giant Japanese companies are planning to invest large sums of capital in production in China, where labour costs are low and the investment environment is improving.

Japanese automobile makers such as Nissan and Mitsubishi are negotiating with Chinese manufacturers to make cars in China.

The Nippon Steel Corporation is negotiating to set up a \$5 billion steel plant, which would be the biggest Sino-foreign joint venture.

The company, along with the Industrial Bank of Japan Ltd and the Asahi Trading Co Ltd, is negotiating with China's Kanghua Corporation and the Ministry of Metallurgical Industry to set up a steel plant in Shijisuo, Shandong Province, with an annual capacity of 3 million tons of steel.

Japanese delegations have made several visits to China to explore the possibility, although the Chinese at this time still are reluctant to start such a big project in a hurry.

The Japanese used to be hesitant about investing in China, complaining about China's investment environment.

"We cannot put all the blame on the Japanese," Chu said. "Our problems are low efficiency, shortages of power and raw materials and poor transport capacity."

"Japanese investors are keeping their eyes closely on China's vast market and its economic development," he added.

The deputy director said the success of China's economic reform, especially the current price reform, will attract more Japanese and other foreign investors.

Matsushita became the largest Japanese investor ever committed in China as it signed an agreement this year to invest \$120 million in a colour television tube project in Beijing.

Oil Firms To Explore Guangdong Offshore Field
OW3008131688 Tokyo KYODO in English
1145 GMT 30 Aug 88

[Text] Tokyo, Aug. 30 KYODO—Japan Petroleum Exploration Corp. said Tuesday it and three other Japanese firms have established a new subsidiary in Tokyo to explore an offshore oil field in the southern Chinese province of Guangdong.

The new subsidiary, Japex Nanhai (Pearl River) Ltd., capitalized at 100 million yen, is owned 82 percent by Japan Petroleum Exploration, 6 percent each by Teikoku Oil Co., Indonesian Petroleum Ltd., and Showa Shell Sekiyu Kiahatsu Co., officials said.

The new subsidiary has struck a five-year agreement with the Chinese Government to explore the new 'No 15/31' oil field situated off the mouth of the Pearl River by teaming up with Texaco Inc. of the United States and Fuanan Oil Development Co., another Japanese oil developer, they said.

At present, Japan Petroleum Exploration has participated in three other oil exploration projects off the Pearl River, they added.

NPC Vice Chairman Meets Japanese Scholars
OW2908163088 Beijing XINHUA in English
1016 GMT 29 Aug 88

[Text] Beijing, August 29 (XINHUA)—Fei Xiaotong, vice-chairman of the Standing Committee of the Chinese National People's Congress, met here today a Japanese delegation for academic exchanges led by Prof Kanichi Fukuda.

The delegation, the second of the kind, arrived here August 25 for a visit and academic exchanges at the invitation of the Chinese Association for International Understanding.

During its stay here, the delegation has exchanged views with Chinese scholars on Japanese economy and politics, and on China's economic restructuring and theory concerning the primary stage of socialism.

Wu Xueqian Meets Japanese Youth Ship Delegation
OW3108131588 Beijing XINHUA in English
1229 GMT 31 Aug 88

[Text] Beijing, August 31 (XINHUA)—Chinese Vice-Premier Wu Xueqian met with Governor of Miyazaki Prefecture Matsukata Suketaka and other Japanese visitors here today.

These visitors are members of the delegation of the "Kyushu Youth Ship" for Japan-China Friendship headed by Suketaka.

Southeast Asia & Pacific

Burmese President Vows No More Concessions
OW0109183788 Beijing XINHUA in English
1812 GMT 1 Sep 88

[Text] Rangoon, September 1 (XINHUA)—Burmese President Dr Maung Maung said in a televised speech tonight that in his August 24 speech the authorities had made the biggest concession possible.

On August 24, Dr Maung Maung who had become the state president and chairman of the ruling Burma Socialist Program Party only five days ago, announced that his party will hold an extraordinary congress on September 12, and that the People's Congress will hold an emergency session on September 13. He said that if the two meetings decide to hold a referendum to determine whether to continue with the one-party system or change over to a multi-party system, the referendum will be held in one month's time. If a referendum is not accepted, all members of the party Central Executive Committee including him will resign.

If the people choose to accept a multi-party system, general elections will be held as soon as possible, and he and all the other leaders will not be standing for election, Dr Maung Maung promised on August 24.

In his televised speech tonight, Dr Maung Maung said that the promise made in his last speech was not only his, but also the promise of all other leaders.

He stressed that the above arrangement was the biggest concession they can make and they will make no concession to other demands of the demonstrators.

During the demonstrations held in Burma in the past week, the demonstrators rejected the idea of holding a referendum. They demanded instead the formation of an interim government and holding general elections on the basis of a multi-party system.

The Burmese president also said tonight that the authorities will rebuild the students union building on the compound of the Rangoon University, which was exploded by the authorities in 1962.

He urged government workers and factory workers to go back to work as usual.

SRV Forces Shell Thai Territory

OW0109081788 Beijing XINHUA in English
0600 GMT 1 Sep 88

[Text] Bangkok, September 11 (XINHUA)—Vietnamese troops in Kampuchea have continued shelling Thai border areas, the Thai News Agency noted today.

During the past week, Vietnamese troops fired many rounds of artillery shells on border areas in Thailand's eastern provinces of Prachin Buri, Chanthaburi and Trat, reported the agency quoting the Information Office of the Supreme Command of the Royal Thai Armed Forces.

The shelling caused losses of both lives and properties to the Thai people living in the border areas.

Meanwhile, more weapons and other military equipment were moved to Vietnamese troops and Heng Samrin army units in areas opposite Thailand's northeastern provinces of Buri Ram and Surin.

Daily Analyzes SRV's Role in Cambodia

HK0209102488 Beijing RENMIN RIBAO
in Chinese 1 Sep 88 p 6

[Article by XINHUA reporter Cai Ximei (5591 6932 2734): "Grab of Power by the Cambodian Puppet Regime Is the Most Realistic Danger"]

[Text] While discussing the question of a political solution to the Cambodian question, the international community is paying close attention to the following two problems: The withdrawal of Vietnamese troops from Cambodia and the formation of a Cambodian Government after Vietnamese withdrawal. The former is the key to the solution of the Cambodian question and the latter is crucial to guaranteeing Cambodia's independence, neutrality, peace, and non-alignment after the withdrawal.

Being an aggressor, Vietnam has no right to interfere in the formation of the future Cambodian Government. It is, however, obliged to withdraw its troops. But as it lacks sincerity in settling the Cambodian issue, it has

delayed its pull-out and brutally interfered in the formation of the future Cambodian Government. Its purpose is to provide time to strengthen and legalize the Heng Samrin-Hun Sen puppet regime, which will in turn strengthen Vietnam's bargaining counters on the question of troop withdrawal. For this reason, Vietnam has insisted that the troop withdrawal should be linked with ceasing of support to anti-Vietnamese forces and preventing the Khmer Rouge (referring to Democratic Kampuchea) from returning to power. To put it bluntly, all that Vietnam wants is a Cambodian Government to its liking and under its direct control. It is trying to gain something that it has not gained on the battlefield from the conference table. A host of facts have shown that Vietnam is adopting double-faced tactics on the questions of troop withdrawal and political power.

The following are some major and convincing facts to prove this: While spreading enormous alarm about the non-existing danger of "the Khmer Rouge exercising power alone," Vietnam has been engineering a future Cambodian Government with the present Phnom Penh regime alone in power, or a "coalition government" with the puppet regime as the core. What Vietnamese Foreign Minister Nguyen Co Thach said recently is the most undisguised: Cambodia is a cake in Phnom Penh's pocket. "How can you cut ¼ of it for others?" He also refused the proposal for a four-party coalition government, saying it was an "unreasonable demand." In a seven-point statement issued in July in Jakarta, Hun Sen, head of the Phnom Penh puppet regime, even brazenly demanded to "maintain the status quo in Cambodia" and refused to dissolve the puppet regime. He also demanded the exclusion of the Khmer Rouge leaders and armed forces from any coalition be taken as "the basis for national reconciliation." Besides, he also attempted to confuse public opinion with his proposal for a "national reconciliation committee headed by Prince Sihanouk" in place of a four-party provisional coalition government headed by Sihanouk.

Contrary to the attitude of Vietnam and the Phnom Penh regime, the coalition government of Democratic Kampuchea has real sincerity for national reconciliation. In their eight-point peace proposal put forward in March 1986, the three factions of the coalition government of Democratic Kampuchea advocated that a national reconciliation government be set up, including the Phnom Penh regime. On 25 June this year, the three factions issued a joint statement, proposing for the first time that Democratic Kampuchea and the "republic" in Phnom Penh be dissolved simultaneously. During his recent visit to Tokyo, Prince Sihanouk offered a proposal calling for the complete withdrawal of Vietnamese troops, dissolution of the "republic" in Phnom Penh, and dispatching of an international peacekeeping force to Cambodia. In a solemn statement on 15 August, Khieu Samphan, president of Democratic Kampuchea, announced his acceptance of international supervision after the Vietnamese withdrawal. He also promised that his faction would not seek a monopoly of power. These fair and reasonable proposals have won wide support.

Another fact is that Vietnam has been trying every possible means to beef up the Phnom Penh regime. For example, under the cover of an announcement that it will pull out 50,000 troops this year, it has transferred a large quantity of heavy arms to the Phnom Penh troops and put tens of thousands of its troops in the uniform of the puppet forces or put them in the ranks of the "militia." According to reliable sources, the Phnom Penh regime's troops have expanded to 70,000 men within a year and the militia has grown to tens of thousands, surpassing the total number of the three resistance forces of Democratic Kampuchea. The numerically stronger and better-equipped troops of the Phnom Penh regime, which also have the superiority in capturing cities and communication lines, may pose the greatest danger to the fair and reasonable formation of a future Cambodian Government. Vietnam has also been tightening its control over the Phnom Penh regime by placing its trusted followers in the regime's institutions. On 20 August, Phnom Penh reshuffled its cabinet, changing 11 ministers, including defense and internal affairs ministers, in the name of "retirement" and replacement. Moreover, Vietnam is stepping up its process of "Vietnamization" of Cambodia by sending a great number of Vietnamese immigrants into Cambodia by dint of the unequal treaty of "no-visa transit" between Vietnam and the Phnom Penh regime. There are now at least 700,000 Vietnamese migrants, including many trained Vietnamese of Cambodian origin, throughout Cambodia. Many of them are actually reservists.

Due to historical reasons, people are worried about a possible return to power by the Khmer Rouge after the Vietnamese withdrawal. This is understandable. But wise politicians will find that a greater and more realistic danger is that the Phnom Penh regime will abrogate all powers to itself after the Vietnamese withdrawal. If Vietnam's plot to "eliminate the Khmer Rouge" succeeds, there would be no opposition forces inside Cambodia. In that case the Heng Samrin-Hun Sen faction taking power would surely come true.

What is more worrisome is that once the Phnom Penh regime's power is legalized, it means acceptance of a fait accompli of Vietnamese aggression. It also means legalization of Vietnam's ceding of Cambodian territory and islands by unequal treaties and legalization of the strong dominating the weak's internal affairs. All these indicate that the efforts of the world community in the past 10 years for a fair solution to the Cambodian question and to safeguard the principles of international laws would be wasted and the ideal advocated by Sihanouk for an absolutely independent Cambodia, a wish of all peace-loving peoples, could not be realized.

SRV Envoy Holds National Day Reception
OW0109141588 Beijing XINHUA in English
1335 GMT 1 Sep 88

[Text] Beijing, September 1 (XINHUA)— Vietnamese Ambassador to China Nguyen Minh Phuong held a

reception at the embassy residence here this evening to mark the 43th anniversary of the Vietnamese National Day.

Chen Minzhang, minister of public health, was present.

5,000 Prisoners Said Freed
OW0109214488 Beijing XINHUA in English
1547 GMT 1 Sep 88

[Text] Beijing, September 1 (XINHUA)—Vietnam has freed thousands of prisoners including 30 former employees and military officers of the defeated Saigon regime to mark the country's national day, according to a news report reaching here today.

The AGENCE FRANCE-PRESSE (AFP) reported that 5,083 inmates were released. AFP quoted Vietnamese Foreign Ministry Spokeswoman Ho The Lanshe as saying that 9,657 other detainees had their sentences reduced to commemorate the national holiday.

Of those released, 3,105 had been held in jails and 1,978 in re-education camps, the spokeswoman was quoted as saying.

She told AFP that about 100 people who had worked for the former South Vietnamese Government which fell in 1975 are still being detained in re-education centers.

Yang Shangkun Greeting
BK0209055588 Beijing International Service
in Vietnamese 1100 GMT 1 Sep 88

[Text] On 1 September, PRC President Yang Shangkun sent a message to Vietnamese Council of State Chairman Vo Chi Cong extending his warmest greetings to the SRV on its 43d founding anniversary.

The messages reads: On the occasion of the 43d anniversary of the founding of the SRV, on behalf of the government and people of the People's Republic of China, I would like to express my warmest greetings.

We sincerely hope that the relations between the two countries and the age-old friendship between the peoples of China and Vietnam will soon be restored and developed.

Philippines Reaffirms 'One-China' Policy
OW0109081388 Beijing XINHUA in English
0541 GMT 1 Sep 88

[Text] Manila, August 31 (XINHUA)—Philippine Ambassador Designate to China Rodolfo Severino said here today that the relationship between the Philippines and China has flourished beyond the most sanguine expectations of its architects.

This close relationship "surpasses even our bilateral relations with our ASEAN partners", he said.

In his speech entitled "Challenges and Opportunities in Philippine-Chinese Relations" before a group of businessmen here, Severino said the bilateral relations between the Philippines and China "are of great interest and of vital importance to the Philippines, now more than ever before".

Severino, former assistant secretary for Asian and Pacific affairs of the Foreign Department, said the bilateral trade has expanded steadily, and since 1978, the Philippines and China have engaged in wide variety of extremely useful exchanges in science and technology.

He said Philippine scientists and technicians have studied Chinese herbal medicine, biogas solar energy utilization, silkworm breeding and earthquake prediction techniques. On the other hand, Chinese scientists and technicians have obtained knowledge of Philippine copper deposits, coconuts, the recycling of rubber from wastes and used goods.

Severino also said that the Philippine Government would continue to adopt its one-China policy, adding that "we recognized the People's Republic of China as the sole legitimate government of China."

Severino also called on the Filipino businessmen to take the great opportunities to invest in China, saying "the rewards can be great."

Near East & South Asia

Afghan Mujahidin Capture Government Posts
OW0109093288 Beijing XINHUA in English
0829 GMT 1 Sep 88

[Text] Islamabad, September 1 (XINHUA)—The Afghan mujahidin (freedom fighters) have further strengthened their positions by capturing two sub-divisional headquarters in Kunduz Province bordering the Soviet Union, AGENCY AFGHAN PRESS (AAP) reported today.

The mujahidin attacked the border cantonment Yangi Qila on the morning of August 19. The Kabul troops stationed at the military garrison fled away carrying 11 dead bodies and several injured but 200 of them were captured, the report claimed.

The resistance forces also seized heavy quantities of arms and ammunition besides military supplies, AAP added.

In the operation, eight mujahideens lost their lives and 34 others were injured while several unarmed civilians were reported to be killed and 30 houses collapsed due to the Soviet bombing.

Meanwhile, the mujahidin stormed at the Imam Sahib Town where the troops of the Kabul regime surrendered after the killing of their commander and other high-ranking officials on the morning of August 23.

A total of 1,100 light weapons, three machine guns and two long range guns were seized by the mujahidin during the offensive.

The mujahidin are controlling the sub-divisional headquarters of Khanabad, Aliabad and the river port Sher Khan Bandar, AAP reported.

Afghan Planes Bomb Pakistan 1 Sep, Killing 1
OW0109182388 Beijing XINHUA in English
1332 GMT 1 Sep 88

[Text] Islamabad, September 1 (XINHUA)—One person was killed and nine others injured when six Afghan planes today intruded into Pakistan air space and dropped two bombs bombarding a Pakistan village, according to official sources here.

The Afghan planes sent by the Kabul regime dropped the two bombs in the fields near Dallazak Village of Shabqadar District in the Northwest Frontier Province bordering Afghanistan, at 6:15 a.m.

Three houses in the vicinity were damaged badly.

The standing maize crop in the area was also damaged.

Six of the injured persons were shifted to Lady Reading Hospital in Peshawar while three others were admitted in Shabqadar Hospital, the sources added.

Afghan Resistance Denies Talks With Kabul
OW0109200588 Beijing XINHUA in English
1919 GMT 1 Sep 88

[Text] Islamabad, September 1 (XINHUA)—Pir Sayed Ahmad Gilani, current chairman of the Afghan Seven-Party Resistance Alliance, has rejected the idea of direct talks with the Kabul regime, AFGHAN NEWS AGENCY (ANA) reported today.

In a recent interview with ANA concerning the U.S. demand of the Kabul regime to enter into direct negotiation with the Afghan resistance forces, Gilani said that the Kabul regime which has been installed by the Soviet Union has no prestige before the Muslim masses.

He said the Kabul regime has recently been quite upset in the face of considerable victories scored by the Afghan resistance forces against its army positions and is hesitating as to what course of action should be taken.

Gilani said [a] couple of days ago Hasan Sharq, the premier of the Kabul regime, came out in favor of a so-called coalition with the resistance forces and dwelled

on reconciliation and negotiation, whereas the Afghan resistance forces under no circumstance will ever be willing to have talks with that regime.

However, the resistance leader expressed readiness to enter into direct talks with the Soviet Union to find a solution for the incumbent issue of Afghanistan, ANA reported.

Pakistan Opposition Seeks Neutral Interim Rule
OW3108111488 Beijing XINHUA in English
0753 GMT 31 Aug 88

[Text] Islamabad, August 31 (XINHUA)—The Movement for the Restoration of Democracy (MRD), the largest opposition alliance in Pakistan, has taken a tough stand in demanding Acting President Ghulam Ishaq Khan to set up a neutral interim government for holding general elections on party-basis in a free, fair and impartial manner.

The hardline was taken last night by the Central Executive Committee of the MRD at the end of a two-day meeting convened to review the political situation following the death of President Ziaul Haq in an air crash on August 17.

According to MRD sources here, the meeting made several demands of the new president including the removal of the present caretaker cabinets and the "partisan" chief election commissioner, the dissolution of the Emergency Council, the lifting of emergency as well as an immediate announcement regarding party-based polls.

The meeting viewed positively the assumption of office by the Senate Chairman Ghulam Ishaq Khan as acting president and the categorical statement of the new Chief of Army Staff General Mirza Aslam Beg, de-linking the Armed Forces from the country's politics and returning them to their constitutional role of defending the country's geographical frontiers.

However, the sources noted, the meeting could not overlook the possible implications of some of the steps taken by the new president. First of all, his decision to allow the caretaker cabinets at the center and in the provinces to continue in office will make it impossible for him to fulfil his promise to hold free and fair general elections on schedule.

The sources said the present caretaker cabinets are the unpleasant and unconstitutional legacy of Ziaul Haq's one man system. Some of the present caretaker chief ministers, federal ministers and political advisers to the late president are known to have been trying frantically to impose martial law on the country and thwart the general elections, the sources added.

Secondly, the meeting held, there is no justification whatsoever to impose emergency in the country or for the formation of an emergency council. As the situation prevailing in the country does not at all warrant these steps.

"As the constitutional position is absolutely clear, the MRD believes that there is no room for holding the elections on non-party basis," the sources said.

Song Renqiong Meets Visiting Indian Communists
OW2908204988 Beijing XINHUA in English
1342 GMT 29 Aug 88

[Text] Beijing, August 29 (XINHUA)—Song Renqiong, vice-chairman of the Central Advisory Commission of the Chinese Communist Party (CPC), met here today with M. Basava Punnaiah, member of the Political Bureau of the Central Committee of the Communist Party of India (Marxist), and his wife.

The Indian guests are here on vacation at the invitation of the International Liaison Department of the CPC Central Committee.

Sub-Saharan Africa

Roundup Views RSA Troop Pullout From Angola
OW0109213888 Beijing XINHUA in English
1749 GMT 1 Sep 88

["Round-up: Long Pull Out of Angola for South Africans (by Chen Qimin and Zhang Yongxing)"]—XINHUA headline]

[Text] Gaborone, September 1 (XINHUA)—South African troops' withdrawal from Angola, which completed Tuesday, may help put an end to the 13-year-old war in Angola.

South African and Cuban officers shook hands Tuesday on the bridge over the Kavango River as about 2,000 South African and Namibian troops rolled out across the Angolan border in trucks, bringing into effect the cease-fire and the South African withdrawal agreed to at [word indistinct] peace talks early last month.

It was a no-nonsense show of mutual respect by the war-weary combatants.

The withdrawal of South African troops from Angola into Namibia was monitored by the Joint Military Monitoring Committee (JMMC) made up of South African and Angolan military representatives. The committee has set up 11 monitoring posts along the Namibian border to ensure the truce.

But the cease-fire alone does not mean the Angolan and Namibian issues have been permanently settled. The toughest nut to be cracked in the Angolan-Namibian peace negotiations is the agreement on a timetable for the withdrawal of the 50,000 Cuban troops from Angola.

The Cubans still insist on a four-year timetable for their withdrawal, while South Africa wants them out within a year and the Americans have suggested a compromise period of 18 months.

Furthermore, Angola demands an end to American aid to the anti-government National Union for the Total Independence of Angola (UNITA) as a condition for any withdrawal of the Cuban troops.

The next round of the peace talks will take place on September 5 in Brazzaville, capital of the Congo.

It was the third time, however, for South Africa to retreat since it invaded Angola in 1975. It pulled out in 1976 and in 1985. But each withdrawal was accompanied by intensified South African military activities again by the South West Africa People's Organization (SWAPO) and the Angolan Government by supporting the UNITA rebels.

Congolese Parliamentary Delegation Tour Reported

Arrives 29 Aug

OW2908014688 Beijing XINHUA in English
0114 GMT 29 Aug 88

[Text] Beijing August 29 (XINHUA)—A delegation from the Congolese National People's Assembly headed by its President Jean Ganga-Zandzou arrived here this morning for a goodwill visit to China at the invitation of the Chinese National People's Congress (NPC) Standing Committee.

Ganga-Zandzou is also chairman of the Union of African Parliaments and member of the Political Bureau of the Congolese Party of Labour.

The delegation will hold talks with the NPC Standing Committee members and meet Chinese leaders.

Greeting the delegation at the airport was Rong Yiren, vice-chairman of the NPC Standing Committee.

Meets With Rong Yiren

OW2908230888 Beijing XINHUA in English
1407 GMT 29 Aug 88

[Text] Beijing, August 29 (XINHUA)—A delegation of the Congolese National People's Assembly headed by its President Jean Ganga-Zandzou arrived in Beijing this morning on a goodwill visit to China, as guests of the National People's Congress Standing Committee.

Rong Yiren, vice chairman of the NPC Standing Committee, met the group and spoke highly of the efforts made by the Congo in developing regional cooperation and promoting development.

Rong told Ganga-Zandzou, who is chairman of the Union of African Parliaments and member of the Political Bureau of the Congolese Labor Party, that the stubborn position of South African authorities remains the main obstacle to solving problems in the southern region of Africa.

He said China supports the efforts of Angola and other African countries in realizing peace and stability in the region and in achieving a just and reasonable settlement of Angolan and Namibian issues.

Rong said China hopes to push forward trade and other economic relations and technical cooperation with the Congo and other developing countries.

Feted by Wan Li

OW3008151388 Beijing XINHUA in English
1009 GMT 30 Aug 88

[Text] Beijing, August 30 (XINHUA)—Wan Li, chairman of the Standing Committee of the National People's Congress (NPC), said here today that China welcomes the trend of relaxation appeared recently in the south-west African region.

He was speaking at a banquet he gave in honor of a delegation from the Congolese National People's Assembly led by its President Jean Ganga-Zandzou.

Wan said that Angola, Cuba and South Africa have reached an agreement on the time schedule for a cease-fire in South Angola, the withdrawal of South African troops from Angola and the implementation of the U.N. Security Council Resolution 435. "This is the fruit of the long-time struggle of the African countries and their people," he said.

The Chinese chairman expressed his hope that all sides concerned of the issue would continue their efforts for achieving new progress of the negotiation and for the independence of Namibia and the lasting peace and stability in the south part of Africa.

Wan also spoke highly of the Congolese Government and people who had worked hard to develop the country's productivity and improve the people's life, as well as their foreign policy of peace and nonalignment.

Ganga-Zandzou, who is also chairman of the Union of African Parliaments and member of the Political Bureau of the Congolese Labor Party, said there exists long-term and fruitful cooperation and relations established between Congo and China on the basis of mutual benefit, and such relations have been consolidated with the time going.

Both Wan and Ganga-Zandzou wished to further enhance the friendship between the two parliaments and were sure that the current visit by the delegation would promote mutual understanding between the two sides.

Among those attending the banquet was Rong Yiren, vice-chairman of the NPC Standing Committee.

Confers With Yang Shangkun

*OW3108125488 Beijing XINHUA in English
1127 GMT 31 Aug 88*

[Text] Beijing, August 31 (XINHUA)—Chinese President Yang Shangkun said here today that China attaches importance to the development of its friendly relations and cooperation with the Congo.

At a meeting with a delegation of the Congolese National People's Assembly, he expressed satisfaction with economic cooperation between the two countries.

During its stay here, the delegation, led by the Assembly's President Jean Ganga-Zandzou, has conferred and met with leaders of the Chinese National People's Congress (NPC) Standing Committee.

The Chinese president said the delegation's visit has helped promote the mutual understanding of the leaders of both countries, and that this is conducive to the expansion of bilateral relations.

Speaking of the situation in southern Africa, Yang reiterated the position of the Chinese Government and people to support the people of South Africa in their struggle against racialism and the Namibian people in their struggle for national independence.

He appreciated the efforts made by the Congo for the solution of the southern African issues.

Ganga-Zandzou said the Congo and China share the same goals on many issues. Both countries uphold peace and disarmament and work for a more just world.

He expressed the hope that bilateral cooperative relations will continue to grow.

Rong Yiren, vice-chairman of the NPC Standing Committee, was present at the meeting.

The delegation is scheduled to leave here tomorrow for a tour of Shanghai, Changzhou and Nanjing.

Botswana Trade Fair Participation Noted

*OW3008002888 Beijing XINHUA in English
1826 GMT 29 Aug 88*

[Text] Gaborone, August 29 (XINHUA)—Botswana's international trade fair of 1988 opened here today with the participation of 290 local exhibitors and eight foreign countries from China, the United States, Britain, Pakistan, Zambia, Zimbabwe, Lesotho and Swaziland.

The Chinese trade delegation to the fair was organized by the Shanghai Chapter of the China Council for the Promotion of International Trade.

Some private companies from Kenya, India, South Africa, Zimbabwe and Zambia also participate in the fair, which will end on September 3.

Botswana President at PRC Booth

*OW3108202788 Beijing XINHUA in English
1745 GMT 31 Aug 88*

[Text] Gaborone, August 31 (XINHUA)—The visiting Tanzanian President Mr Ali Hassan Mwinyi and Botswanan President Dr Quett Masire toured the 1988 Gaborone International Trade Fair today.

The fair was opened two days ago, with the participation of 290 local exhibitors and a number of foreign companies and trade missions from China, the United States, Britain, Pakistan, Zambia, Zimbabwe, Lesotho and Swaziland.

The visiting Tanzanian president hailed the great achievements made by the people of Botswana in the political, economic and social fields.

This is the result of national unity and cooperation he said. He said that he was particularly impressed with Botswana's achievements in agriculture and livestock development.

Meanwhile, Botswanan president paid a special visit to the Chinese pavilion, which has been honoured as the "best international exhibitor" at the fair.

The Chinese trade mission is made up of six import and export corporations from Shanghai, the largest city in China, under the auspices of the Shanghai chapter of the China Council for the Promotion of International Trade.

The trade fair ends on September 3.

Water Conservancy Project Completed in Senegal

*HK3108095988 Beijing CEI Database
in English 31 Aug 88*

[Text] Beijing (CEI)—A Chinese-aided water conservancy project has recently been checked and accepted in Senegal.

The project, which was contracted by the water conservancy department of Jiangsu Province, is composed of a sluice gate, dyke, diversion canal, embankment and shipping canal.

Representatives from China and Senegal said the project is of high quality and has been constructed in line with the requirements of the design.

West Europe

Vice Minister Explains Joint Pact With Belgium
OW0109023888 Beijing XINHUA Domestic Service in Chinese 1126 GMT 30 Aug 88

[Text] Beijing, 30 Aug (XINHUA)—At the NPC Standing Committee meeting on 29 August, Vice Foreign Minister Zhu Qizhen explained an agreement on mutual judicial assistance in civil cases concluded between the PRC and the Kingdom of Belgium. He said: In May 1986, Belgium proposed the signing of the agreement and handed over to China a draft agreement from the Belgian side. In order to promote sustained and stable growth of friendly and cooperative Sino-Belgian relations, the Foreign Ministry, with the approval from the State Council, gave Belgium the Chinese draft of the agreement in May 1987, based on the principles laid down in the negotiations for the Sino-French and Sino-Polish Agreements on Mutual Judicial Assistance in Civil Cases. In September 1987, a delegation from the Chinese Foreign and Justice Ministries and the Supreme People's Court and a Belgian delegation met in Beijing to discuss the signing of the agreement between the two countries. The agreement was signed in the spirit of friendly consultation and mutual understanding and accommodation. On 20 November 1987 during President Li Xiannian's visit to Belgium, Vice Foreign Minister Zhou Nan and Belgian Secretary of Foreign Relations Tindemans signed the agreement on behalf of their governments.

Zhu Qizhen said: The "agreement" consists of 18 articles in five chapters. The first chapter deals with the general principles governing the treatment of citizens, scope and methods of assistance, and application of the law. The remaining chapters contain the provisions for mutual delivery of documents and their investigation and verification, recognition and enforcement of decisions on mediation, and exchange of legal information.

Zhu Qizhen said: The Sino-Belgian Agreement on Mutual Judicial Assistance in Civil Cases is consistent with the provisions in Chinese laws and the international norm, as well as the needs for bilateral cooperation.

Zhu Rongji Talks With FRG Lower Saxony Guests
OW0109011388 Shanghai City Service in Mandarin 0900 GMT 30 Aug 88

[Text] This morning, Mayor Zhu Rongji of Shanghai met Minister President Ernst Albrecht and his wife of the Federal Republic of Germany state of Lower Saxony at

the Hengshan Guest House this morning. The host and the guests talked about how to further expand bilateral economic and trade relations and cooperation.

Yang Shangkun Meets Luxembourg Parliamentarians
OW2608104888 Beijing XINHUA in English 0930 GMT 26 Aug 88

[Text] Beijing, August 26 (XINHUA)—Chinese President Yang Shangkun said here today that he hoped more Luxembourg businessmen would come to China to see what joint ventures could be set up.

He expressed the hope at a meeting with a delegation of the Chamber of Deputies of Luxembourg, headed by its President Leon Bollendorff.

Bollendorff said the businessmen of his country are eager to make contact with their Chinese counterparts.

The host and guests expressed their satisfaction over exchanges and cooperation between the two countries. Yang noted that China would like to have more cooperation with the developed countries, including Luxembourg, in science and technology, economy, culture and education. Bollendorff replied that relations between the two sides have always been very good. "Luxembourg would like to cooperate with China in economic development," he said.

Liao Hansheng, vice-chairman of the Standing Committee of the Chinese National People's Congress, attended the meeting.

Delegation Departs

OW3008140688 Beijing XINHUA in English 0938 GMT 30 Aug 88

[Text] Guangzhou, August 30 (XINHUA)—The delegation of the Chamber of Deputies of Luxembourg led by its President Leon Bollendorff, wound up its goodwill visit to China and left here for home by train via Hong Kong today. The delegation arrived here yesterday after a visit to Beijing and Xian.

During their stay here, the Luxembourg guests visited the Guangying Yarn Company Ltd, a Sino-British joint venture. They learned with great interest that the company earned 1.02 million U.S. dollars in the first year of operation.

After the visit, President Bollendorff wrote in a guest book that this highly modernized enterprise has left the delegation a deep impression.

Turkish Army Day Marked in Beijing
OW3008140288 Beijing XINHUA in English
1112 GMT 30 Aug 88

[Text] Beijing, August 30 (XINHUA)—Colonel Murat Bayam, military attache of the Turkish Embassy here, and Mrs Bayam gave a reception here this afternoon to celebrate the Turkish armed forces day.

Present were Xu Huizi, deputy chief of General Staff of the Chinese People's Liberation Army, and military attaches of various countries' embassies here.

British Communist Party Group Visits Liaoning
SK0109040488 Shenyang Liaoning Provincial Service
in Mandarin 2200 GMT 31 Aug 88

[Text] A delegation from the Communist Party of Great Britain led by (Jack Acheton), member of the Central (?Executive) Committee of the Communist Party of Great Britain, satisfactory concluded its friendly visits to the cities of Shenyang and Anshan, and left Shenyang on the morning of 31 August.

The delegation arrived in Shenyang on 28 August. That evening, Wang Julu, deputy secretary of the provincial party committee, met with and feted the British guests. During its stay in Shenyang, the delegation held discussions with the People's Bank of Shenyang City, the Trust and Investment Corporation, and the Dongbei General Pharmaceutical Plant on reforms of the banking and housing systems.

NPC Official Meets Austrian Health Minister
OW3008023688 Beijing XINHUA in English
0153 GMT 30 Aug 88

[Text] Beijing, August 30 (XINHUA)—Zhou Gucheng, vice-chairman of the Chinese National People's Congress Standing Committee, met an eight-member health delegation headed by Franz Loeschnak, minister of health and the public service of the Office of the Federal Chancellor of Austria, here today.

The guests are here on the invitation of the Chinese Ministry of Public Health to learn about China's urban and rural medical care and discuss possible cooperation with China's health organizations.

East Europe

PLA Delegation Leaves for Romania
OW0109084088 Beijing XINHUA in English
0805 GMT 1 Sep 88

[Text] Beijing, September 1 (XINHUA)—A delegation of the Chinese People's Liberation Army (PLA) headed by Zheng Wenhan, president of the Academy of Military Sciences of the PLA, left here today for a goodwill visit to Romania at the invitation of the Romanian Ministry of National Defence.

Hungary Ready To Test Disarmament Measures
OW0109094188 Beijing XINHUA in English
0532 GMT 1 Sep 88

[Text] Budapest, August 31 (XINHUA)—An international round-table meeting on the reduction of conventional weapons ended here today with major differences on some questions remaining.

The meeting was attended by 10 Warsaw Pact and NATO countries, although participants at the meeting, all prominent figures, high-ranking officers and famous scientists, were not officially representing their countries.

At a press conference this afternoon, Gyula Horn, Hungarian state secretary of the Foreign Ministry, said substantial points of view have been put forward at the meeting.

He said although there were heated debates at the meeting, the participants respected each other's opinions.

Hungarian Foreign Minister Peter Varkonyi said at a press conference on Monday that his country is willing to become a test site for some disarmament measures.

Polish Interior Minister, Walesa Hold Talks
OW0109061488 Beijing XINHUA in English
0100 GMT 1 Sep 88

[Text] Warsaw, August 31 (XINHUA)—Polish Interior Minister Czeslaw Kiszczak and outlawed Solidarity Trade Union leader Lech Walesa Wednesday held a three-hour talk in Warsaw, in preparation for a coming round-table meeting between the government and Solidarity.

It was the first talk between the authorities and the banned Solidarity Trade Union since the government declared martial law in the country in December, 1981.

During their talks, the two sides discussed procedures for holding the round-table meeting. The discussion, which had been proposed by Kiszczak, will deal with ways for ending the current labor unrest, according to the official Polish News Agency PAP.

Also present at the talks were Bishop Jerzy Dabrowski, a senior representative of the Roman Catholic Church, and Stanislaw Ciosek, head of the official front union and alternate member of the ruling party's Politburo, PAP said. On Tuesday, the authorities declared that a round-table meeting between the government and Solidarity could be held as soon as Walesa calls off a strike by shipyard workers.

Gen Czeslaw Kiszczak has stated that the stoppage of strikes in the shipyard where Walesa works would result in an automatic initiation of a round-table meeting.

Various people, including Walesa, may sit at the round table, and there are no preconditions on the subjects to be discussed, Urban told a press conference.

The convening of a round-table meeting between the government and Solidarity was considered a possibility before the nationwide labor unrest occurred in April and May, but no such meeting was held. Over the past two months, there have been renewed calls for such a meeting between Kiszczak and Walesa.

On August 22, Walesa led 2,900 workers on a strike at the Gdansk Lenin Shipyard, which is continuing despite warnings by authorities that strikers face dismissal unless they resume work by Wednesday.

However, strikes are still going on at the Northern, Lenin, and the Gdansk shipyards.

Visiting Polish Academic Awards PRC Economist
OW0109125988 Beijing XINHUA in English
1055 GMT 1 Sep 88

[Text] Beijing, September 1 (XINHUA)—Prof Henryk Holaj, head of a visiting delegation of the Polish Academy of Sciences, conferred here today the title of "Academician of the Polish Academy of Sciences" on Liu Guoguang, an economist and vice-president of the Chinese Academy of Social Sciences.

Zbigniew Dembowski, Polish ambassador to China, presented the certificate to Liu for his achievements in the research of socialist political economy.

Rui Xingwen Meets Polish Delegation
OW0209062488 Beijing XINHUA in English
0537 GMT 2 Sep 88

[Text] Beijing, September 2 (XINHUA)—Rui Xingwen, member of the Secretariat of the Chinese Communist Party Central Committee, met a delegation from the Polish Academy of Sciences led by Deputy Academic Secretary Prof Henryk Holaj here this morning.

Rui briefed the visitors on China's current reforms.

After their arrival here on August 30 as guests of the Chinese Academy of Social Sciences, Holaj and his party have discussed academic exchanges and cooperation between the two academies with Liu Guoguang, an economist and vice president of the host academy.

On behalf of the Polish Academy of Sciences, Zbigniew Dembowski, Polish ambassador to China, conferred the title of "Academician of Polish Academy of Sciences" on Liu Guoguang yesterday.

Song Defu, Youth Delegation Visit East Europe

For East European coverage of the visit of Song Defu, Communist Youth League Central Committee first secretary, and the CYL delegation, see the 30 and 31 August Czechoslovakia sections and the 1 September and subsequent Bulgaria sections of the East Europe DAILY REPORT.

Latin America & Caribbean

Liao Hansheng Meets Peruvian Congressmen
OW2708141988 Beijing XINHUA in English
0645 GMT 27 Aug 88

[Text] Beijing, August 27 (XINHUA)—Liao Hansheng, vice chairman of the Standing Committee of the Chinese National People's Congress, met with Pablo Li Ormeno and Enrique Wong, members of the Peruvian Chamber of Deputies, here today.

Liao praised them for their contributions to the promotion of Sino-Peruvian friendly cooperation.

Inner Mongolia Delegation Visits Argentina
OW2708053688 Beijing XINHUA Domestic Service
in Chinese 0653 GMT 24 Aug 88

[By reporter Ke Daan]

[Text] Buenos Aires, 23 Aug (XINHUA)—A delegation from Inner Mongolia Autonomous Region that visited Argentina said that Argentina's many experiences in developing agriculture and animal husbandry are useful to Inner Mongolia.

The delegation led by Bai Junqing, vice chairman of China's Inner Mongolia Autonomous Regional People's Congress Standing Committee, visited Argentina from 10 August to 23 August at the invitation of the Argentine Rural Association. During the visit, members of the delegation visited an agricultural, animal husbandry, and industrial exposition and some farms, cattle markets, slaughterhouses, and scientific experiment stations.

Before leaving here today, Bai Junqing told this XINHUA reporter: Several experiences of Argentina in developing agriculture and animal husbandry merit our attention. First, the whole country attaches great importance to animal husbandry, and an animal husbandry exposition is held in Argentina every year to rate and select fine breeds of livestock. Second, in Argentina, agriculture and animal husbandry are well coordinated and promote each other; land in the country is divided into five production zones for either agriculture or animal husbandry according to local ecological conditions; and the usage of land can change according to market situation. Third, scientific research is geared to the needs of production, and an integrated process of scientific research, demonstration, and popularization is utilized. Fourth, agriculture and animal husbandry are supported by relevant processing industries, so that there are food processing factories where cattle and sheep are raised, and there are wineries where grapes are raised.

Zhao Ziyang Chairs CPC Political Bureau Meeting
OW0209102288 Beijing Domestic Service in Mandarin
0930 GMT 2 Sep 88

[Text] According to XINHUA, at its 11th Plenary Session held in Beijing today, the Political Bureau of the CPC Central Committee discussed and adopted, in principle, a document on intensifying and reforming ideological and political work at enterprises.

The meeting decided that the document shall be revised after more views are solicited, after which it will be submitted to the 3d Plenary Session of the 13th CPC Central Committee for examination.

Present at the meeting were 13 members and 1 alternate member of the Political Bureau of the CPC Central Committee. Four members were absent because of official business.

The meeting was chaired by Zhao Ziyang, general secretary of the CPC Central Committee. Leading members of relevant authoritative organs were present as observers.

Qiao Shi Calls for Stronger Party Organization
OW0109153388 Beijing XINHUA in English
1443 GMT 1 Sep 88

[Text] Jinan, September 1 (XINHUA)—Chinese Communist Party leader Qiao Shi has called for work to strengthen the party's leadership, improve its organization and forge closer ties between the party and the people.

This will make it possible for the party to play a better role in the course of deepening the reforms, said Qiao, a Standing Committee member of the party Central Committee's Political Bureau during a seven-day inspection tour of Shandong Province which ended Wednesday.

This will also enable party organizations and all party members to "stand new tests", he noted.

He described China's price reform as "very difficult indeed", saying, "we must carry out that reform and make it a success."

He said: "The key to the success of price and wage reforms lies in relying on the party's leadership, which is one of our greatest advantages," he told local officials.

Qiao Shi called on all leading party officials and party members to "be in step with the party Central Committee" ideologically and in action.

He urged party organizations to unite the broad masses of the people in making concerted efforts to accelerate and deepen reforms.

Leading party officials and party members must give top priority to the party buildup in the present critical period of economic restructuring.

He stressed the need to carry forward the party's fine traditions and styles, and develop them in the course of deepening reforms.

"In the present critical period of deepening reforms," he went on, "all party members, especially leading party officials, must stick to the party's mass line, keep close ties with the people and often go to grass-roots units to make investigations."

He urged party members to listen to the opinions and suggestions of the people, and summarize and publicize in time good experiences and examples from among the people.

Qiao Shi, who is also secretary of the party Central Commission for Discipline Inspection, stressed the importance of the buildup of party organizations and governments at the grass-roots level, noting: "We must take the work at the grassroots as the basis of all our work."

He called on party organizations and party members to do ideological work well so that the people can understand and support reforms, and create a fine social environment for reforms.

TA KUNG PAO Scotches Rumors About Hu, Hua
HK0209021688 Hong Kong TA KUNG PAO in Chinese
2 Sep 88 p 2

[Dispatch: "Hua Guofeng Is in Beijing and Hu Yaobang Is on an Inspection Tour in Other Parts of the Country"]

[Text] Beijing, 1 Sep (TA KUNG PAO)—It was rumored overseas that former CPC Central Committee chairman Hua Guofeng and former CPC Central Committee General Secretary Hu Yaobang had defected to a foreign country. This TA KUNG PAO reporter inquired of an authoritative figure on this matter and was told that such rumors were sheer fabrications. Hua Guofeng is now in Beijing and Hu Yaobang is on an inspection tour in other parts of the country.

Seventh NPC Standing Committee Continues Meeting

Discusses Wildlife, Land, Other Laws
OW0109183288 Beijing XINHUA in English
1507 GMT 1 Sep 88

[Text] Beijing, September 1 (XINHUA)—Laws to protect wildlife and prevent land profiteering were among measures debated today by members of the National People's Congress Standing Committee meeting here.

Banqen Erdini Qoigyi Gyancan, vice chairman of the committee, said a law to protect wildlife should be adopted as soon as possible.

He noted wildlife has dwindled sharply because of long-time illegal hunting and said the practice must stop and people be educated to protect wild animal species.

Committee member Yi Meihou said many species have been extinguished and unless effective measures are taken to check illegal hunting and smuggling more precious wildlife will disappear.

Another member, Chen Suiheng, urged revisions to the land administration law after pointing out an alarming decline in cultivated land. He said the main reason was too much land has been used for building houses and factories and not enough effort made to open up more arable land.

He said provisions for building factories in rural areas should be added to the law.

Member Wu Juetian said the law should be tightened to crack down on land profiteers.

Committee members also discussed ratification of a United Nations Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment and Punishment, the No 2 and No 3 protocols attached to the South Pacific Nuclear-Free Zone Treaty, and an agreement dealing with civil law cases between China and the Kingdom of Belgium.

A proposed list of 48 names for the committee to draft the Basic Law of the Macao Special Administrative Region was also discussed during today's meeting.

Reviews State Secrets Law

HK0209103588 Beijing CHINA DAILY in English
2 Sep 88 p 3

[By staff reporter Hu Sigang]

[Text] Enactment of a new State Secrets law that will provide for more openness has been advocated at the third meeting of the Standing Committee of the Seventh National People's Congress (NPC)

Members of the Standing Committee, who are participating in group discussions in the Great Hall of People, aired their views on the draft law.

"The enactment of a secrets law is necessary and timely for the promotion and guarantee of China's reform, openness and modernization" one Standing Committee member said, echoing the view of many others.

Hu Jiwei, one of the 155 members and former publisher of the PEOPLE'S DAILY, said that keeping State secrets and keeping State affairs open to the public are closely related. For a long time in the past, overemphasis on secrets, and definitions of secrets that were too general, hindered efforts to make State affairs open. they also thwarted China's construction of democracy.

"The draft law, which stipulates that State secrets should be given a specific time limit, will greatly help to rectify this situation," Hu said.

He suggested that the National People's Congress establish a law regarding openness, which will specify the scope and limits of openness.

"Anyone trying to turn the clock back will be punished accordingly," he said.

He gave the example that if someone uses the excuse of protecting secrets to censor press reports, the press can sue that person in court, according to such a law.

Yuan Xuefen, a noted Shaoxing Opera singer, said that a secrets law is badly needed in China, but at the same time there should be a highly responsible organ to supervise the implementation of the law.

She said that the idea of secrets does not seem to have binding force on some high-ranking government officials. She hoped that a new secrets law would help change the situation.

Chu Zhuang said, "The secrets law should take two factors into consideration. First, it should protect State secrets. Second, the classification of secrets should not be too general. Otherwise, it could hinder democracy and openness."

Some members hoped that a new secrets law would help change the strange situation of news concerning domestic affairs being imported from overseas.

Advocating a secrets law, Gao Xiu said stipulations should be included in the law to specify the responsibility of government officials.

"All things that Party and State leaders talk about with foreigners, which are allowed to be published by foreign news media, also should be made known to the Chinese people, so as to avoid the absurdity of 'importing domestic news,'" Gao said.

Sixth National Women's Congress Continues

Told Reform Solution to Problems

OW0109084888 Beijing XINHUA in English
0628 GMT 1 Sep 88

["Women Need Reform: PEOPLE'S DAILY"—XINHUA headline]

[Text] Beijing, September 1 (XINHUA)—The emancipation of Chinese women depends on reform, and the deepening of reform is the fundamental way to solve women's problems, the PEOPLE'S DAILY stated today.

"Reform has opened up broader prospects for women to display their talents," the Chinese Communist Party newspaper said in a front-page editorial to mark the convocation of the Sixth National Congress of Chinese Women today.

In recent years, women have faced many contradictions and problems in labor, education and participating in political affairs, the editorial said.

"Only by plunging into reform can women resolve the contradictions and problems," it noted.

It called on women to overcome their sense of inferiority and conservativeness, and to foster the concepts of value, competition, time effectiveness and information that are compatible with the "new order of a commodity economy".

Women's federations at all levels must further emancipate their minds and quicken the pace of their own reforms.

Led by the Chinese Communist Party, the federations should work independently, remove what the editorial called the "color of the government-run organization" and overcome the tendency towards becoming administrative offices.

The editorial urged the federations to forge closer ties between themselves and women in all walks of life, give full play to women's roles and improve their professional qualifications.

The federations must dare to represent and safeguard women's special interests and rights, and carry out diverse activities to promote women's interests.

It called on the federations to increase their contacts with women in Taiwan, Hong Kong and Macao, Overseas Chinese women and women in other countries, and make fresh contributions to China's reunification and world peace.

Urged To Develop Self-Esteem

OW0109170188 Beijing XINHUA in English
1111 GMT 1 Sep 88

[Text] Beijing, September 1 (XINHUA)—A top leader of the All-China Women's Federation today called on Chinese women to develop self-esteem, self-confidence and the sense of independence.

Addressing the opening of the Sixth National Women's Congress, Zhang Guoying, vice-chairperson of the All-China Women's Federation, said that the reform and the open policy have been enhancing the concepts of citizenship, democracy, law and participation in state affairs on the part of Chinese women. Some 4,826 women have made their way into the national and provincial people's

congresses—21 percent of the total number of the congressmen in the national and provincial top legislative bodies. Some 1,456 female scientists and researchers have won state awards for their outstanding achievements in the past decade and 50 female factory directors and managers were selected as model enterprise leaders.

Chinese women should further modernize their thoughts, foster lofty values and more thoroughly break away from outmoded ideas. Chinese women should pursue a healthier and more scientific way of life and develop a civilized and progressive attitude toward marriage in their struggle against feudal-minded arranged marriages and "sexual liberation", she said.

She believed that a low scientific and cultural level and heavy housework are the main obstacles that keep most women from making greater contributions to the society and improving their social status. The current reform is a challenge to the Chinese women in education, employment and participation in state affairs. She pointed out that in many places the legitimate rights of women are still encroached upon and some women are maltreated physically and mentally.

She called on the whole of society to adopt a more civilized and progressive attitude toward women and fight against sex discrimination in joint efforts to safeguard women's equality with men in political, economic and cultural fields, as well as in their social and family lives.

Hears Yang Shangkun Address

OW0109194988 Beijing XINHUA Domestic Service
in Chinese 0740 GMT 1 Sep 88

[Text] Beijing, 1 Sep (XINHUA)—Chinese Women Are a Great Force in Construction and Reform

—Greetings message delivered at the Sixth National Women's Congress

[By] Yang Shangkun

[Dated] (1 September 1988)

Delegates and friends:

The Sixth Chinese Women's National Congress has opened today. On behalf of the CPC Central Committee, I extend warm congratulations to the congress, pay high respects to the women of all nationalities and in all walks of life throughout the country who have contributed to reform and construction, and express heartfelt thanks to the broad masses working for women. In addition, I avail myself of this opportunity to extend my best wishes to the women compatriots living in Taiwan, Hong Kong, and Macao and residing overseas.

The 10 years since the 3d Plenary Session of the 11th CPC Central Committee mark a decade of great changes experienced by our country. Under the party leadership,

hundreds of millions of women have carried forward the fine Chinese national traditions of laboring diligently and doing arduous pioneering work. They have played a significant role in promoting the implementation of the reform and open policies and developing the socialist commodity economy, in stepping up the efforts to build a socialist democratic and legal system and safeguarding stability and unity, and in bringing prosperity to our education, public health, science, and cultural undertakings, practicing family planning, and advocating a civilized, healthy, and scientific way of life. On all fronts, there have emerged large numbers of women with talent who have courage and insight and who are sharp, capable, and outstanding. History has borne out the fact that the Chinese women, being diligent and intelligent, are worthy of the glorious title of "half the sky" whether in the years of the revolutionary war or during the period of socialist modernization.

The current National Women's Congress is being held during an important period of our country marked by the deepening of reform. Establishment of a new order based on the socialist commodity economy is a great change which will take a considerable length of time to complete. We should soberly foresee every difficulty and risk that might be encountered. What is important is to enhance our confidence and have a full understanding of our favorable conditions and great potential in order to surmount the difficulties and achieve success. In particular, the party's staunch leadership, its stringent discipline manifested by strict enforcement of orders and prohibitions, its fine tradition of the part subordinated to the whole as well as the model acts of Communist Party members and advanced elements in being the first to bear hardships and the last to enjoy comforts have consistently been our political strong points leading us to victory. We should attach great importance to, and bring into full play, these political strong points and concentrate the strength of the whole nation so as to ensure the smooth development of reform.

The success of this reform will have a tremendous positive effect on the economic development and social progress of our country at the end of this century and the beginning of the next century and, at the same time, will promote to a great extent the liberation of Chinese women. The deepening of reform has opened up an even wider world for the broad masses of women to study, work, and develop themselves in numerous aspects. Under the new system, they can further display their intelligence, ability, and creative spirit. Moreover, the liberation of women is bound to give an enormous impetus to the great liberation of all productive forces in our country. That is to say, reform conforms entirely to the vital interests of the broad masses of women. On the other hand, the broad masses of women are a great force for the reform that our country is carrying out. With the development of the socialist commodity economy and the extensive introduction of competitive mechanisms into every sphere of our life in society, new and higher demands have, of course, been placed on all members of

society, including women. Confronted with the new situation, women should further emancipate their minds; take an active part in reform and construction; carry forward the fine traditions of plain living, hard struggle, and diligence and thrift in managing households; strive to improve their own quality; and achieve the goals of self respect, self confidence, standing on their own feet, and strengthening themselves through their own efforts. Meanwhile, because of the women's lofty duty of rearing the next generation, the state and society should take into consideration their physiological characteristics and special difficulties, show due concern about them, and take care of them as they deserve. The state and society should earnestly safeguard the interests of the broad masses of women, and they are not allowed to impair such interests.

The Constitution of our country stipulates that marriages, families, mothers, and children are protected by the state. For one reason or another, however, discrimination against women—a disgusting phenomenon left over from the old society—still exists, and criminal acts such as ill-treatment, insults, and ruining women and children have frequently occurred. This is absolutely intolerable. We must struggle against all disgusting phenomena of discriminating against women and punish according to law every criminal act infringing upon the rights and interests of women and children. Respecting women and protecting children are a manifestation of human civilization, and safeguarding the rights and interests of women and children is a common task for the whole society. Since our country is a socialist country, we should do even better in this respect. We should not only bring about a good trend in the whole society, but also enact a perfect law to give more effective protection to women and children.

The All-China Women's Federation is the Chinese women's own organization. As an organizer and guide for the Chinese women's movement, it has inherited and carried forward the fine traditions of the years of the revolutionary war characterized by plain living, hard struggle, and close ties with the masses and has contributed significantly to safeguarding women's legal rights and interests, promoting children's healthy growth, and uniting the broad masses of women to plunge into construction and reform. All levels of women's federations must put the emphasis of their work on the grass-roots level. This is one of the key tasks that women's federations should do in reforming themselves, as well as an important principle guiding all of their work. Only when a women's federation puts the emphasis of its work on the grass-roots level and forges close ties with the women there can it do still better in uniting and soliciting the broad masses of women to plunge into construction and reform and more effectively safeguard the legal rights and interests of women and children. Only thus is it possible to really build the women's federation into a mass organization trusted by the broad masses of women. The party, the state, and people in all

walks of life in society should be concerned about undertakings in the interests of women and children and support the work of the women's federation with whole-hearted enthusiasm.

Women's work is an important integral part of the party's mass work. Party committees at all levels should make a serious study of the characteristics and rules of the women's movement at the present stage and improve and gear up their leadership over women's work. They should give the women's federation a free hand to conduct its activities independently in accordance with its own established rules. They should help the women's federation train a relatively stable contingent of women cadres characterized by a warm love for the women's liberation cause, and should show concern about the work of these women cadres, their daily life, and their progress. They should also harmonize the relations between the women's federation and other departments so that women's work will develop in a more vigorous way.

Comrades! The heroic women of all nationalities in China have inexhaustible wisdom and strength. It is our firm belief that in this great era of reform and opening up, the women of our country will certainly write a new magnificent chapter in the Chinese women's movement by making fresh contributions to the rejuvenation of our nation, the reunification of the motherland, the maintenance of world peace, and the promotion of the progress of mankind.

I wish the congress complete success.

Widow Says Mao, Zhou Protected Pu Yi
HK0109023188 Hong Kong AFP in English
0224 GMT 1 Sep 88

[By Pierre-Antoine Donnet]

[Text] Beijing, Sept 1 (AFP)—Mao Zedong and Zhou Enlai personally intervened to spare the life of China's last emperor, Pu Yi, from the hands of Red Guards during the Cultural Revolution, the former monarch's widow said here.

"Of course he suffered during the Cultural Revolution, but he was protected by Chairman Mao," said Li Shuxian, who was married to the deposed Manchu emperor from 1962 until his death in Beijing in 1967.

"When the Red Guards came to our house in 1966, we had nothing to our names. There were a few chairs, a sofa, but nothing that belonged to us. It all came from the state—even the clothes that Pu Yi wore," she said.

Madame Li, 63, who today lives anonymously in a small apartment in Beijing, talked about her life in an interview with AGENCE FRANCE-PRESSE, one of the few she has ever given to Western news media.

Pu Yi, the subject of Italian director Bernardo Bertolucci's Oscar-winning epic "The Last Emperor," ascended to the Manchu throne in 1908 at age three, only to be deposed in the 1911 Republican revolution.

In the 1930's he was ruler of the puppet Japanese state of Manchukuo in northeastern China. In 1949 he was imprisoned by China's new communist regime.

Ten years later he was set free as an ordinary citizen of China. When he died amid the chaos of the Cultural Revolution, he was employed as a gardener.

"At the time of those troubles," Madame Li recalled, "many leaders suffered and compared to them, Pu Yi's sufferings were not a big thing."

She preferred not to answer directly when she was asked if Red Guards had beaten her husband. "It was a widespread phenomenon in China at the time," she simply said.

Red Guards came several times to the former emperor's home, she said.

"They were gangs of Red Guards who were only children. They went up to Pu Yi and told him, 'Once upon a time you lived in luxury. Today you continue to content yourself in comfort,'" she said.

Persistent rumors in Japan and the West claim that Pu Yi succumbed in 1967 as a result of ill treatment inflicted by Red Guards, groups of radicals who often used violence to spread Maoist thought.

But Madame Li said liver cancer was the cause of his death in a Beijing hospital.

Mao, then paramount leader, met with Pu Yi several times after the deposed emperor's release from a labor camp in 1959, she said.

She said "the leadership displayed a lot of attention towards Pu Yi—especially Zhou Enlai," who as prime minister played an important moderating influence during the 1966-1976 Cultural Revolution until his death in 1976.

"It was him who looked after us the most. He looked after everything. Even little things," she said, wiping tears off her wrinkled face.

Madame Li, an uneducated commoner who once worked as a nurse, said she had met and married Pu Yi through matchmakers, and that their wedding had the benediction of the Chinese Communist Party.

"The Central Committee was very satisfied," she said.

She uttered no criticism about the Communist Party, nor about the guards at the Fushun "reform-through-labor" camp in the northeastern Liaoning Province where Pu Yi was interned.

"It was not so hard as that. They expressed humanism (and) sought to change thinking that was opposed to the masses so that he could become a new man.

"To change the thinking of a former emperor so that he would become a common citizen is not a simple thing," she said.

But "Pu Yi maintained excellent relations with his guards after his release. They exchanged letters and when the guards came to Beijing, they came to see him," she added.

"Everywhere in the world, when the moment came, emperors had to be killed. Only the Communist Party allowed the emperor to survive, to become a new man, so that he could be a citizen like everyone else," she said.

"Yes, really, the change in Pu Yi was a big success. He was transformed to the point where the emperor became a man who could earn his living by the sweat of his brow. It was magic," she said.

The enthusiasm which Madame Li displayed for the Communist Party's "humanism" towards prisoners—she was speaking without a government interpreter or official present—clashes with an account by French writer Lucien Bodard, who met Pu Yi in detention in the 1950's.

Pu Yi was so terrified of making a mistake, Mr. Bodard said, that he would make stereotyped speeches about the good aspects of the Communist Party.

Account of Murder of Woman Entrepreneur
HK0109084188 Beijing RENMIN RIBAO in Chinese
25 Aug 88 pp 1, 2

[Article by reporter Duan Xinqiang (3008 1800 1730): "A Price Paid With Blood—an Account of the Murder of Wang Shuqin, an Outstanding Woman Entrepreneur in Liaoning Province"]

[Excerpts] Was Wang Shuqin murdered?

How could this be? She had all along been gentle and amiable. Her melon-shaped, sweet face always wore a smile. She was likable and easy to get along with. A good mixer, how could she have been murdered?

But she was really dead. She lay inanimate among green leaves and red flowers. Though a fallen flower on the ground, she looked fresh and beautiful, full of life. She was only 39 years old! She had not died because of illness, because of war, or because of a car accident. Instead, it was he that killed her. She was killed by worker Li Dan.

"Li Dan, why should you have killed Manager Wang?" asked this reporter.

A well-built man, Li Dan looked all right. His face showed normal features. He was neat and trim in dress, his trousers especially well pressed, with two sharp creases. This was a murderer? Impossible. But he said point blank: "I have not long to live. So I am telling only the truth. The reason I killed her was that the line followed by her in reform threatened my interests. I was so obsessed with personal gain that I lost my wits. I thought nothing of all the consequences...."

A Clash [subhead]

In 1984, both Wang Shuqin and Li Dan were, almost at the same time, transferred to work in the People's Hotel. Li Dan had grown up during the "10 years of turmoil." He had not learned much. But he had formed many bad habits. Though not very old, he was given to drinking and scolding. Many workers stayed away from him for fear of trouble. But Wang Shuqin, like a big sister, showed him great understanding. Li Dan began to respect her. Once, he said of her, citing a line from an article: "If every party member were like Wang Shuqin, with the 'silk threads' drawn out by her according to the set pattern, the party banner would not become stained or rotten. If every party member's voice were as pure as Wang Shuqin's, the Internationale would not become out of tune." He was more or less under the influence of Wang Shuqin. He was for a time able to fulfill the loading and unloading assignments. The only trouble was that he could not overcome his bad habits.

The hotel is an elegant and civilized place, with no tolerance for the remnants of anything vulgar. Wang Shuqin worked out the "standards for civilized services," with the duties and tasks of every worker spelled out and the system of rewards and punishments laid down. Meanwhile, she observed the kind of people staying at the hotel. Among them were salespeople, people leaving for orientation meetings, people visiting friends and relatives, people sending messages.... These people all wanted to have relatively ideal living conditions. But it seemed that for a fairly long period to come, they would not be able find a relatively high-class hotel in which to spend their money. An idea suddenly struck her. Why not let the People's Hotel join the world of competition? From an industrial and commercial bank, she obtained a loan of 1.55 million yuan. Renovations were carried out to turn the People's Hotel into a lower middle-grade hotel of a high standard. This was to satisfy the needs of most of the clients. [passage omitted]

Despite the renovations, the People's Hotel was still of a class outside the "star" category. Wang Shuqin suggested: "Why can we not create our own version of a 'five-star' hotel by excelling in the quality of services?" After everyone had studied this, it was decided that "the hardware being not hard enough, we have to excel in software!"

After Wang Shuqin had completed studies as an enterprise management major at Liaoning University, she introduced advanced management experiences from abroad. In light of local realities, she created her own management methods. What she focused on brought things to life. Everything was done to keep the customers satisfied. Everything was based on prevention as the center of attention. Everything was based on data as a guide. Everything was handled on the basis of the four processes in a cycle known as "PDCA" (planning, doing, checking, and action). The quality of services was relied upon in the matter of competition.

Wang Shuqin's efforts to deepen the reform enabled most of the workers to improve the quality of their work and achieve such targets as putting reception on a systematic basis, standardizing the language used in serving, setting standards for sanitation and cleaning, and providing a great variety of service items.

In defiance of the course of reform taken by the People's Hotel, Li Dan "went his own way." He followed no standard in loading things. When it came to unloading, he also made a mess of things. In light of relevant stipulations, the leaders at various levels could not help criticizing him a little. There was also no escape from economic penalties. [passage omitted]

That day, Li Dan had invited some other people to drink wine. When he was 70 or 80 percent drunk, he went to look for the manager. "Manager Wang, are you giving me a transfer or not? Wang Shuqin, noting that he was drunk, told him: "Leave the subject alone for today. You are drunk." Then Wang Shuqin walked to her own office. Li Dan followed her. Several leading cadres of the hotel, who were going to have a meeting with her, intercepted him. He did not return to his own table. Instead, he slipped into the kitchen. There, only an apprentice, a PLA fighter, was working—honing a knife. Li Dan went forward to get the knife, saying: "Let me use it for a moment." The fighter did not know what he was up to, and let him have his way. Holding the steel knife in his hand, he again stormed into the manager's office. He cried: "Ah Wang, are you after all giving me a transfer? Today, I'll give you a taste of the cutting edge of the knife. I'll take your life." Wang Shuqin said the same thing. "Leave the subject alone for today. You are drunk." Everyone helped in driving Li Dan out of the office. Meanwhile, a report was made to the Maluwan Police Substation, which rushed someone over to get the facts. The case was then referred to the Heping District Public Security Subbureau. It was decided to detain the man for 10 days. After announcing the decision, Xiao Yuan of the police substation asked Li Dan: "Any appeal against the decision?" His answer was: "An appeal will be made!" Based on the law, the comrades of the police substation decided to give him until the next day to make an appeal, with a bond of 500 yuan. Li Dan did not show disapproval. So the comrades of the police substation let Li Dan go. After the hotel car had dropped Li Dan at the People's Hotel, Xie Qinghua, head of the

security section of the hotel, asked the public security personnel to stay behind for lunch. The latter declined. So he offered to drive the public security personnel back to the station. Li Dan was left behind alone. He seized the chance to slip into the kitchen. There happened to be no one inside. He took the knife and hid it behind his back. He made straight for the manager's room. Besides Wang Shuqin, in the building there were also Deputy Manager Liu Zhe and Chief of the Logistics Department Ding. The three were caught unprepared by Li Dan's sudden appearance. Li Dan asked Chief Ding to leave, as he wanted to have "a talk alone" with Manager Wang. After Chief Ding left, Li Dan took out the hidden knife. With teeth set, he vigorously struck Wang Shuqin on the head. Liu Zhe was at a loss what to do. He let out a cry at the top of his voice. Li Dan kept bringing the knife down, cursing: "To hell with your reform! To hell with your reform!" ...The fresh blood reddened Wang Shuqin's desk and chair as well as the manager's office....

Just-minded people were, after all, in the majority. The occupants of the hotel, at the first inkling of what had happened, rushed out to help. Lu Jiang, of the Dandong Security Brigade, and two guests from Heilongjiang Province were the first to arrive on the scene. They seized Li Dan and escorted him to the security section. The relevant public security department placed him under arrest.

Reflection [subhead]

Outstanding woman entrepreneur Wang Shuqin was gone!

Leaders at the provincial and municipal levels attended the memorial service.

Many entrepreneurs came from afar to attend the memorial service.

Many ordinary people wearing white flowers joined the ranks of those paying last respects to the dead....

There is no doubting the sincerity of everyone's mourning. But some people worried. Once the last trace of blood is gone, will everything be as it was before, with no protection for entrepreneurs and reformers?

Such worries are not uncalled for. Some people asked: What would it have been like if it had not been Wang Shuqin, but a mayor, a provincial governor, or a minister who had been held at the point of a knife?

The relevant department obviously knew that Li Dan had held Wang Shuqin at the point of a knife. But it took no preventive measures, letting the "tiger" go free and play havoc. For Wang Shuqin especially there was no protection. What is the position in which entrepreneurs and reformers are placed after all? How many people have recognized this situation? This problem has reached a stage where it must be solved.

Wang Shuqin is not the only entrepreneur to have been murdered. Since the beginning of this year, the manager of a branch of a certain big factory in Shenyang has been murdered, and in a very brutal way, with over a dozen cuts on his body. The wife of another factory manager has also been murdered. The murderer has so far not been sentenced. According to statistics, from January to July, in Liaoning Province, there was a total of 276 cases of threatening, beating up, and wounding leaders in enterprises. Of the 297 leaders wounded, most were factory directors or managers. Shenyang City conducted a survey among 100 enterprise operators. It was found that 54 of them had been threatened or intimidated, accounting for more than 50 percent. Facts show that understanding, supporting, and protecting entrepreneurs who uphold reform has become a problem that calls for an immediate solution. It should arouse great attention from society, and especially from party and government organs!

In the case of the murder of Wang Shuqin, Xie Qinghua, head of the security section of the People's Hotel, did not play his part as a guard at the time the manager was endangered. But he really could not be blamed for everything. Given so many people coming and going, anyone could easily escape notice. The People's Hotel often has a small number of rude and unreasonable people who feel that no one can do anything to them. They are both lazy and impolite. They are laggards at work. But they give their lives when it comes to fighting. Those who kill others are punished according to the law. But it is difficult to manage them before they actually do the killing. For a general offense, they are usually detained at most for a few days. After they are released, they are their old "rude" selves. They even go from bad to worse, threatening revenge. The state has no stipulated set of punitive rules against them. This makes things difficult for the public security departments. If too light a punishment is meted out, it does not help. If too heavy a sentence is imposed, there is the risk of breaking the law. The call for tightened control is nothing but empty words. We must formulate relevant laws quickly and let the public security departments take effective care of this handful of degenerates who throw their weight around. This is to give entrepreneurs the courage to impose strict management!

Commentator's Article on Protection

HK0109084788 Beijing RENMIN RIBAO in Chinese
25 Aug 88 p 1

[Commentator's article: "Show Concern for the Fate of Entrepreneurs"]

[Text] I remember that 2 years ago I read somewhere in the newspaper that the greatest risk facing peasant entrepreneur Wu Jilong of Hebei in carrying out reforms regarding the contract system was that some troublemakers wrote anonymous letters of accusation against him.

There was the so-called charge that "for 8 cents, a person has to work for a whole half year." This was perhaps a headache that entrepreneurs generally felt at that time.

Now things have changed. It has taken the fresh blood of the murdered outstanding woman entrepreneur Wang Shuqin of Liaoning Province to jolt society. Her efforts in breaking away from the old system of labor management, persistently perfecting the composition of labor, and improving economic results have cost her her life at the hands of lawbreaker Li Dan, the murderer.

Now, the martyr has been laid to rest. The murderer has been brought before the law. In retrospect, what can we learn from this incident?

The root cause of this unfortunate incident is the deepening of reform, that gives rise to still greater contradictions. The enterprise reform in a previous stage laid relatively great emphasis on creating a benign environment for enterprise development—through such practices as the enlargement of decisionmaking power accompanied by profit concessions, the introduction of the factory director responsibility system, the carrying out of the contract responsibility system, and so forth. An actual breakthrough has so far not been achieved where a very tough and sensitive reform problem in an enterprise—the reform of the old labor wage system—is concerned. Many enterprises have generally increased bonus benefits as a way of maintaining workers' enthusiasm for production. This is, in essence, still a version of the "big pot" system. Therefore, even a slovenly fellow like Li Dan felt that he had a good time of it. He even praised the work of Wang Shuqin by citing lines from reportage devoted to praising elite Communist Party members. The situation is more or less like the village in its last days described in Lu Xun's "The True Story of A Q," in which people of all kinds, including feudal-minded diehards, landlords, wanderers, and bums, are "all transformed."

When an improvement in economic results became the most important thing in reform, with the scalpel reaching deep into the labor management system, everyone's personal interests were affected. The system of rewards and punishments in perfecting the composition of labor, and the necessary system of hiring and firing did away with the soil in which the forces of old habits are rooted. This time around, it was the real thing. Most of the workers released themselves from the bonds of the old system, exuding youth and vitality. Just as an enterprise took on increasing vitality with each passing day, people like Li Dan could no longer muddle through. Li Dan, who had long been conditioned by the big pot to a lazy and dissolute life, was at this time once again seized with an obsession with personal interests. This at last led to the tragedy.

The fresh blood of Wang Shuqin has made people see that new entrepreneurs devote their energies to providing society with quality products and good services. Meanwhile,

they also lay themselves open to the risk of attack in transforming and improving the quality of our people, and even end up giving their own lives. They are the pacesetters in reform. They also represent the hope of China.

Our country has entered the crucial stage of an overall reform. This is in keeping with the interests of the whole nation. So long as anyone in any position takes note of the situation as a whole and works diligently, he will stand to benefit from the reform. In this sense, there is no fundamental conflict of interests between entrepreneurs and workers of any kind. They should and can be united, working as one in tiding over the crisis. But every step in the reform cannot bring joy to everyone. This can also exacerbate contradictions of all kinds and even lead to a tragedy like the case of Wang Shuqin. This must not be overlooked.

At present, the social call for protecting entrepreneurs has become increasingly loud. People have a more real and deeper understanding of the role of entrepreneurs in reform and of the difficulties encountered by them. The fresh blood of Wang Shuqin has aroused the concern of people regarding the fate of entrepreneurs. It also calls for our legislative and judicial organs to work out necessary stipulations and adopt necessary measures.

'Farmer Versus Magistrate' Lawsuit Noted
HK0209061888 Beijing CHINA DAILY in English
2 Sep 88 p 4

[By Li Huahong]

[Text] Wenzhou—The speculation of who will finally win the Cangnam County "farmer versus magistrate" lawsuit still fills the minds of local people, growing as the former presses on with an appeal to the Zhejiang Provincial Supreme Court.

After a Monday afternoon of cheers and complaints following a Wenzhou Intermediate Court's judgement in favour of the magistrate, wild guesses, worries and even attempts at cool analysis of the rare case filled the air. No one was without an opinion.

Significance [subhead]

From street pedlars to government officials, virtually all people interviewed agreed that the lawsuit itself was a "good phenomenon" heralding a more efficient legal system in the countryside.

Even the sued magistrate approved. "It is a good phenomenon that, with the development of a commodity economy, farmers have begun to discard the old ideas and protect their legal rights and interests through the law instead of unreasonable ways like violent fighting between family clans," said Huang Deyu, magistrate of Cangnam County, on the eve of his appearance in the court.

The emergence of the case was a challenge to the feudalistic philosophy of life, because under that old way common people never sued government officials, he said.

The case was also of great significance in spreading legal knowledge nationwide, especially in the countryside, and helping the drive towards democracy and an improved legal system. The farmer Bao Zhengzhao said it was from the spread of legal knowledge that he found the courage to bring the case.

Huang revealed that there had been differing views on whether he, the county government chief, should appear in court as the defendant. Those who were against it argued that it would harm the government's image, but he himself had always wanted to attend. The question of image was also very problematic.

"Nowadays, the relationship between government officials and the masses is very unfriendly," he said. This view was supported in interviews with the county party chief Zhou Fangquan and Wenzhou Municipal party Secretary Dong Caochai and other local leaders, which revealed frictions between local people and cadres at grass-roots levels.

Many people said they wanted the farmer to win, giving the impression that this was an opportunity for them to vent their resentment against the local cadres of the government.

But the core of the case lies not so much in the immediate facts but in the centre of a tough knot of a problem left over from history.

Historical Problem [subhead]

Bacao Township, where the demolition of the Baos' house led to the case, is actually a 500-metre long embankment that has been an important part of a water conservancy project since the Song Dynasty (960-1279).

But during the "Cultural Revolution" (1966-1976) when State functions were paralysed, local farmers widened the embankment and built more than 400 houses on it. The place became prosperous and developed into the present township.

In 1983 the local government compromised with history. It fined the house owners, and then constructed about 60 cement pillars to support the embankment, stipulating that it should not be widened any more.

But in 1986, the county's Water Resources Department claimed that "the Baos had widened the embankment about two metres" on which they had begun building a new house. The construction had earlier been approved by a lower level government office in charge of township construction.

In July 1987, the Baos' house was subject to compulsory demolition carried out with an explosion.

Both sides in the lawsuit have their concerns over the final judgement.

If it loses, the Cangnan County government fears for its work in maintaining the embankment. Officials stress that it is a major project that protects 500,000 people and 200,000 mu (13,000 hectares) of farmland from flooding.

It is supported by the Zhejiang Provincial Government Water Resources Department, with the effects of the July 29 flooding still strongly in mind.

But the other dimension is that many see a setback to the popularity of going to court if the farmer loses.

The case has been closely followed by the Ministry of Water Resources and the Ministry of Justice, which share the wide concerns over the result.

Dilemma [subhead]

All agree that cadres at grass-roots levels will always be caught up in the swirl of contradictions.

Officials from governments at different levels in Wenzhou Prefecture admit that these cadres had long been used to resorting to compulsory means to get their jobs done, neglecting perhaps the normal legal procedures. This was how resentments built up.

But cadres were caught in a trap. Local law institutions were not strong enough to back them up, so they had to risk violating the law to fulfill the tasks they have been set. If they failed, they were subject to criticism from above. They were in fact sandwiched between farmers' growing awareness of the law and the existing administrative mechanisms.

Forgiveness [subhead]

But a solution is offered. Chen Dinmo, party chief of Longgang Township in Cangnan County, suggests this is a case for what he calls "history forgiveness."

This and other like cases arose from history, where a vague knowledge of the law and feudalistic influence mingled, and now this should be forgiven. But this should not mean that cadres or farmers can continue neglecting the importance of the law or indulging in illegal practices. Rather, the "farmers versus magistrate" lawsuit should become a turning point for the future, the impetus for a start in the practical study and voluntary application of the law, Chen said.

Legal Reform Discussed at Beijing Symposium HK0109060888 Beijing CHINA DAILY in English 1 Sep 88 p 3

[By staff reporter Li Chao]

[Text] Reform and improvement of the legal procedure system was the main topic of discussion at the Symposium on General Trends in the World of Procedural Law in Beijing yesterday.

Wang Zhongfang, chairman of the China Law Society, said at the opening session of the meeting that it is a priority for China's legislative and jurisdiction systems to be reformed and improved to meet the demands of the present reforms.

"A socialist legal system based on constitutional law with Chinese characteristics has been basically formulated," said Wang.

With the rapid development of the world economy and technology, as well as the growth of democracy, procedural systems in different countries are facing new challenges, said Wang.

The problems of improving such systems to keep pace with economic development and international exchange, ensuring fair trials, and reducing court delays are of common concern in law circles.

He said it is necessary for Chinese legal experts to learn from, and exchange views with, foreign counterparts to promote the progress of procedural laws and systems.

The symposium, co-sponsored by the China Law Society and the International Association of Procedural Law (IAPL), will focus on civil, criminal, administrative and arbitration procedures.

This is the first time that IAPL has sent a delegation to China to discuss trends in international procedural law with Chinese legal experts, said Wang.

CPC Official Discusses Price, Wage Reforms HK0109081388 Hong Kong TA KUNG PAO in Chinese 1 Sep 88 p 2

["Special dispatch" by Kung Shuang-yin (7255 7175 0603): "Yan Mingfu Discloses to Hong Kong Businessmen That It Will Take 3 Years To Complete the Wage Reform"]

[Text] Beijing, 31 Aug—This afternoon, Yan Mingfu, Vice Chairman of the CPPCC National Committee and member of the Secretariat of the CPC Central Committee, briefed the visiting Hong Kong Junior Chamber of Commerce delegation on the main contents of the plan for price and wage reforms, which will be implemented soon.

He said: The reform is aimed at achieving the objective of the state regulating and controlling the market and the market directing the enterprises, that is to say, establishing a new order in the planned socialist commodity economy. Our reform has now entered a crucial moment and the principal, difficult problem we meet is the price problem. At present, 40 percent of farm produce is sold to 200 million urban residents at state listed prices rather than market prices, for which the state spends 30 billion in subsidy. Moreover, more than 40 percent of the manufactured goods and 50 percent of the coal, steel, and iron are sold at state listed prices. In light of the people's capacity to withstand the strains, we shall gradually shift the prices of these products into market prices. This reform should be conducted in a planned way. The question we are discussing now is whether to take a bigger or a smaller step.

Yan Mingfu said: To ensure the success of the price reform, it is necessary to carry out the wage reform. We should properly raise wages in light of the price increases and on the principle that the wages should be raised a little higher than the price increases. Moreover, the irrational phenomena in the wage system, such as the question of physical workers having a higher income than mental workers, should also be solved. It will generally take 3 years to solve this question.

He said: Money is needed for both reforms. Where does the money come from? Our principal measures are as follows:

—Improve the enterprise returns. According to statistics by the Statistical Bureau, some 20-30 million people in enterprises throughout the country receive their wages but have nothing to do. It is necessary to give them training so that they can turn to the service trades and the township and town enterprises.

—Institute the joint-stock system. There are 400,000 state-owned enterprises throughout the country. If we sell 30 percent of the stocks, what a sum of money it will be!

—Carry out the housing reform. If we sell the nation's public housing with a total floor space of 20 million square meters, what a sum of money it will also be!

—The central authorities are determined to reduce the scope of capital construction, calling for suspending construction of office buildings, auditoriums, and hotels; they are also determined to reduce the institutional purchasing power. Of the institutional purchasing power, which amounts to 60 billion yuan annually, 30 billion yuan will be used as labor insurance and welfare and the remaining 30 billion yuan will be cut back together.

Moreover, it is necessary to sort out companies failing to separate the functions of the government from those of the enterprises and to establish honest government.

He said: This series of measures can ensure the smooth progress of the price and wage reforms. Yan Mingfu expressed his warm welcome to the visiting Hong Kong Junior Chamber of Commerce delegation. He said: You are young leaders in Hong Kong's industrial circles and Hong Kong's future belongs to you. He hoped that they will establish closer links with the mainland's industrial circles. He also hoped that the members of the Hong Kong Junior Chamber of Commerce will serve as a link in the contact and cooperation between the mainland and Taiwan.

Analysis of Brandname Panic Buying

HK0109100688 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 34, 22 Aug 88 pp 13, 14

[Article by Wu Jincai (0702 6930 2088): "Who Is Smoking Good Cigarettes and Drinking Good Wine—Perspective View of the Market Since Restrictions on Prices of Famous Brandname Cigarettes and Wines Were Removed on the Mainland"]

[Text] On 28 July Mainland China deregulated prices for famous brandname cigarettes and wines and now the masses are confronted directly with "quoted prices," quotations which can fluctuate along with trade and depend on the market. In Beijing, the upward range between the original price and the maximum quoted one is so wide that it ranks first among cities across the country—"Zhonghua" cigarettes jumped from 1.8 to 12 yuan a packet; "Peony" cigarettes from 0.94 to 3 yuan each; and one jin of "Maotai" wine soared from 20 to 295 yuan.

Well-Known Brands of Cigarettes and Wines Are Snapped Up by Frenzied Purchasers When Put on the Market [subhead]

In fact, before the prices of the well-known brandname cigarettes and wines were deregulated, a kind of so-called "market adjusted price" had pounded the original price—the one set by the state—out of existence. At restaurants, tourist spots, vendors' stands on the sidewalk, or even in "coordinated exchange series" of materials between units, something as modest as a bottle of Maotai wine would fetch more than 100 yuan, and a packet of Zhonghua cigarettes, in general, doubled in price. As far as ordinary people are concerned, the state-listed price was ancient history. Nevertheless, when a government spokesman announced cancellation of the regulated prices on brandname cigarettes and wines, the extent of the impact went far beyond expectations.

There is no need to mince words. The largest effect experienced by the market upon the 28 July deregulation of prices was a price hike. Whether compared with the past state-listed price or black market price, the final quoted price has soared, to such an extent that it outmatched the black market price, and all this took place within a few days. Faced with the threat of a price hike, the general consumer response was panic buying.

On 28 July, most of the medium- and large-sized department stores in Beijing were ready with thousands of cartons of brandname cigarettes and hundreds of bottles of brandname wines for market sale, only to be sold out within a day. If it is reasoned that the panic buying on that day had more or less to do with the expectation that the prices of these brandname cigarettes and wines were going to rise, then the expectation was fulfilled when the second lot of wines and cigarettes were put on the market and their prices rose by another 20 per cent.

After 10 days or so, the market temporarily quieted down but prices remained high. The people who engaged in panic buying were unable to tell if prices would rise again and drew in their horns.

But the fact that most of the buyers of brandname cigarettes and wines do not consume these items themselves is worth studying from a sociological, psychological, and economic point of view. For basically, the wine and cigarettes purchased on that day are not for self-consumption, but will be put into another circulation cycle. According to experts' analysis, the people panic buying on that day were ordinary folk, who can be divided into two types: One is those who needed to give gifts, had a wedding coming up, or with special tastes; the other was those who thought saving valuable commodities was better than saving money. There are not many of the former. Far more are the latter, who were coerced by the price hike to take part in the panic buying, similar to the behavior of fraudulently exchanging U.S. dollars on the black market, buying pianos, gold rings or necklaces. It has become a way for people to preserve the value of currency in their hands. It is estimated that at least 80 per cent of purchases of brandname cigarettes and wines on 28 July can be classified under this lopsided consumption pattern.

Deserving special attention are those cigarette and wine mongers, particularly speculators, who trade on the limited resources of cigarettes and wine, hoarding a vast amount of market supplies for speculation.

Why do prices increase? [subhead]

Given the vast number of consumers, the brandname cigarettes and wines in Mainland China will not be able to cope with the demand in the near future.

The 13 domestic, famous brandname wines on which the government has lifted price controls can only manage an annual supply of little more than 10,000 tons, of which 8,000 tons are brewed by 8 famous wine brewers belonging to the light industry department. The same situation exists for brandname cigarettes. Thirty brandname cigarettes in great demand annually put on the market 1.02 million cases, that is, 255 million cartons. The 13 brandname cigarettes whose prices were taken off government control this time are included in these 30 brandnames. Even if the

calculation included these 1.02 million cases of quality cigarettes, each family in townships and villages in Mainland China would get only about one carton.

Therefore, finding a way to reasonably distribute this limited quantity of commodities is a very knotty problem. One of the most convenient ways is to increase prices, rendering the cigarettes and wine too expensive for a large portion of consumers, or too good to drink or smoke even when they have them. This is one kind of understanding for some people in the government when decontrolling the price of brandname cigarettes and wine.

Another basic consideration of the price hike is the idea that quality goods deserve expensive prices, that consumer goods can thus be differentiated in grades. Before the price hike, there was too little difference in price between ordinary cigarettes and wine and those of famous brands. The cigarette, "Zhonghua" is a top brand, second only to "Panda," but it was less than double the price of "Beijing," which charged as much as those quality cigarettes like "Ashima" or "Double Nine." In the case of wine, according to the listed price, four bottles of "Daiqujiu" would be equivalent to one bottle of "Jiannanchun." Why would people forego the best and buy instead the second best, or even the worst?

Particularly worth noticing is the power people possess, which is the key factor as to why they could procure brandname cigarettes and wines at this time. Possession of coupons is a power. A position giving informal recommendation notes is a power. And various ways of "mutual exchange" is also a power. The bigger the difference between the state-listed price and black market price, the more these kinds of power. In order to lessen and diffuse this "overweight" power, prices will have to increase giving scope to the power of money and equalizing everyone before it. Compared with the distribution of commodities by means of various privileges and relations, no doubt this is progress. It makes people here recognize a new reality: A higher cost will be paid to enjoy brandname cigarettes and wines, which is the iron rule of commodity economy. You can be dissatisfied with it, grumble about it, write essays to criticize it or even publicly resist its arrival. But its arrival cannot be withstood by human efforts.

Behind the Scenes of Panic Buying [subhead]

The hundreds of billions of renminbi saved in the banks and more than 100 billion yuan of cash in people's hands have been called by worried experts "the caged tiger." People buy in panic, the limited amount of brandname cigarettes and wines at a high price but do not personally smoke or drink them. This phenomenon has become in effect, another form of saving or investment activity. When ordinary people are deploying their cash to cope with the changes on the market, some sharp observers

cast their eyes on the whereabouts of all these brand-name cigarettes and wines. After cycles and cycles of circulation, precisely who can really consume these goods, smoking and drinking to their hearts' content?

Nowadays, it is no longer a secret to send gifts: When children go to senior secondary school, a gift is sent to the teacher, and wouldn't a carton of "Double Nine" be too petty a gift? If a family member is going to have an operation, several cartons of "State Express" and a bottle of "Maotai" are considered trivial. Moreover, under the existing discipline supervision system, cash sent as a gift would often turn things into a thorny problem, so the "wise" men take care of it with material objects such as brandname cigarettes and wines. The "safety factor" for the recipients would be much greater.

People have also noticed that the rich people in Mainland China, for example those "speculative lords" who cover the country in their speculating ventures, consume lavishly; for cigarettes they smoke "State Express," for wine they drink "Martell"; they have become the hallmarks of the novel luxury lifestyle.

But ultimately who are the most generous buyers? Very probably it is people of "organs and units spending money from department coffers."

In 1987, the State Statistics Bureau released the amount of non-productive commodity value sold by the selling units to social groups: 55.3 billion yuan for the whole year. And according to the statistics conducted by the Office of Control over the Purchasing Power of Social Groups, even if calculated in terms of buyers' expenditure, last year's "public purchase" amounted to 24.3 billion yuan.

Right now it is popular to have a kind of "check meal," that is, after eating and drinking the banquet is paid by check. And how many brandname cigarettes and wines have been bought with public expenditure? Cigarettes are needed for meetings; cigarettes and wines are needed if a banquet is laid on for some guests; sometimes in business transactions brandname cigarettes and wines are used as souvenirs. Another thing that deserves special attention is, not only is "public purchase" like a feudal lord who is rich and big mouthed in the consumption of brandname cigarettes and wines, but possesses a more important power: The privilege to buy. It has two characteristics—big spending, and its own connections to buy cigarettes and wine. These are things ordinary people could not even come close to. So, ordinary folks will have to queue up, always behind the "public purchase" and "speculative lords," grabbing at the pitifully small quantities of brandname cigarettes and wines that remain.

Seen in this light, if the consumption of brandname cigarettes and wines continue to be deducted from public expenditure, if their increase in price calls for only more generous "public expenditure" to foot the bills, if on

social occasions Zhonghua cigarette and Maotai wine, increased in status because they are more expensive now, add fuel to the fashion of the luxurious parade of wealth...then will price hikes fulfil the expected goal?

The difference in price for cigarettes and wines in fact is the different range of people's consumption. In fact it is a fair rule. But public expenditure consumption acts as an unbalancing weight, making the rule no longer fair. From this point of view, the price reform in the brand-name cigarettes and wines market faces a new topic: The setting up of a new consumption order under the conditions of socialist commodity economy.

JINGJI CANKAO Article on Price Reform

HK0109060588 Beijing JINGJI CANKAO
in Chinese 19 Aug 88 p 4

[Article by Wu Jinglian (0702 2417 8834), Hu Ji (5170 1323), and Zhang Junkuo (1728 6511 2368) of the Development Research Center of the State Council: "The Environment of Price Reform as Seen From the Economic Situation in the 1st Half of This Year"—passages in italics as published]

[Text] Compared with other reforms, the price reform sets higher demands on the economic environment. Correctly analyzing and understanding the situation in economic development and the trend of the general price level and, on this basis, promptly adopting effective measures are of great significance to the smooth development and success of the price reform. For this reason, we have made a preliminary analysis of the economic situation in the first half of this year.

The Growth Rate of Industrial Production Was High
But the Economic Results Were Not Quite Satisfactory
[subhead]

In the first half of this year, China's industrial production rose by 17.2 percent over the same period last year, registering the second highest growth rate in the last 10 years. The outstanding problem was that the economic results were not quite satisfactory. This was reflected in the following ways:

1. Although production grew rapidly, profits and taxes rose slowly. Some comrades often show economic results by comparing sales income and realized profits and taxes with the industrial output value. They hold that, so long as the indicators grow, they will have achieved "simultaneous growth in various ways." In fact, these indicators cannot be compared: Output value is calculated according to unchanged prices, while other indicators are calculated according to current prices. Compared with the same period last year, the output of state-owned industrial enterprises listed in the state plan rose by 11.3 percent in the first 5 months of this year, sales income by 19.1 percent, realized profits and taxes by 12.5 percent, profits and taxes turned over to the state by 8.3 percent, and the nation's financial revenue by 11.6 percent.

However, after allowing for price rises, not only was the growth of sales income lower than the production growth, but the profits and taxes turned over to the state and the state revenue tended to drop in terms of absolute value.

2. Product quality dropped, consumption and production costs rose, and the number of enterprises operating at a loss increased. From last January to April, 42 of the 92 quality indexes of the nation's key industrial enterprises dropped in varying degrees over the same period last year, accounting for 45.7 percent of the total; 50 of the 104 per-unit material consumption indicators increased in varying degrees over the same period last year, accounting for 48 percent of the total. From last January to May, the costs of comparable products of industrial enterprises listed in the state plan rose by 6.7 percent. The rise in material consumption and costs led to bigger losses. *In the first 5 months of this year, the number of loss-making industrial enterprises listed in the state plan reached 19 percent, and the amount of losses was commensurate with the annual level in 1985, an increase of 20.1 percent over the same period last year.*

3. Although production grew rapidly, the production structure did not markedly improve, and in some ways even got worse. *Despite substantial increases in energy, raw and semifinished materials, and the volume of rail freight in the first half of this year, not only were they unable to keep abreast of the growth in industrial production, but there was also a trend for the gaps to widen.* In the first half of this year, the output of raw coal and crude oil rose by less than 5 percent, and it is unlikely that the growth rate will increase in the near future. Electric energy production rose 16.1 percent in January over the same period last year, but it dropped 9.4 percent in May. Although it rose 12.2 percent in June, this was still much lower than the growth of industrial production, which stood at 17.7 percent. The growth of raw and semifinished materials, such as steel products and non-ferrous metals, was also much lower than that of industrial production. Moreover, the growth tended to drop, reducing the reserves of raw and semifinished materials. By the end of last May, the nation's reserves of principal materials had dropped two-thirds in comparison with the beginning of this year, and the reserves of goods in short supply had dropped quite substantially. In recent years, the contradiction between insufficient railway transport capacity and the growth of industrial production has become increasingly conspicuous. Due to the shortage of energy and raw and semifinished materials, the enterprises in some localities are in a state of half-suspended production.

In the first half of this year, investment in fixed assets by state-owned enterprises rose by 14.2 percent over the same period last year. Compared with the price index of the means of production, this represents zero growth, and even negative growth. The situation of insufficient investment in key construction projects, in particular, merits our attention.

A Drastic Increase in Credit and Money Supply Leads to Heavy Inflationary Pressure [subhead]

In the first half of this year, the credit issued by national banks grew by 42.7 billion yuan over the same period last year, an increase of 24 percent. Of this, industrial credit rose by 23.3 billion yuan, up 27 percent, representing the biggest increase over the same period in recent years. According to common practice in the past, over 80 percent of the credit was issued in the second half of the year. Even if the increased amount in the second half of this year is the same as it was in the same period last year, the increase in this year's credit will top 200 billion yuan, exceeding the planned target by nearly 30 percent, or an increase of more than 22 percent over last year.

In the first half of this year the banks issued a net amount of 8.86 billion yuan in cash, while in the same period last year a net amount of 8.3 billion yuan in cash was withdrawn. The money supply has increased by 17 billion yuan this year over last year. Thus, the 20 billion yuan in money supply scheduled for this year will be substantially exceeded and the amount of currency in circulation will probably increase by more than 30 percent.

It should be stressed that, in terms of total demand, the factors making up inflationary pressure in China at this stage include not only the issuance of money in excess of production growth, thus leading to bloated total demand, but also the surplus purchasing power accumulated in recent years. Once there is a steep rise in commodity prices, the surplus purchasing power will emerge, aggravating price rises.

If we examine the history of inflation in other countries, we can see that excessive issuance of money pushes up prices in three stages: In the first stage, the speed of price rises is slower than that of the rise in money supply and, because prices are relatively stable at the beginning, people save a portion of their newly increased purchasing power; in the second stage, the speed of price rises is basically the same as that of the rise in money supply and, because of rising price levels, instead of saving the newly increased purchasing power, people use it directly in the purchase of commodities; in the third stage, the speed of price rises exceeds that of the rise in money supply and, with steadily accelerating price rises, a weak period of inflation develops. In this period, people not only use the newly increased purchasing power to purchase commodities, but also withdraw a lot of money previously in the form of deposits for a buying spree. Prices in our country have risen steadily for several years. If this trend goes unchecked, it is difficult to foresee the disastrous effect it will have on the economy and society.

Strive To Create Conditions, Push Forward the Price Reform [subhead]

The preceding analysis shows that if the increasingly bloated total demand goes unchecked, a situation characterized by a growing inflationary pressure and constantly deteriorating inflation will certainly emerge next year, the year after next, and for a long time to come. According to the experience gained in other countries, if we conduct price reform under such conditions, it will be very difficult to succeed.

First, high inflation will make it difficult for the state to put forward price reform measures. This is because, to prevent spiraling price rises and to ensure the basic stability of the people's living standards following price rises, the state will have to subsidize the consumers of commodities the prices of which have risen and to increase the wages and subsidies of workers and office staff. However, because the state's financial capability is limited and because the growing inflationary pressure will lead to more units calling for financial subsidies, the state cannot but constantly reduce the scope of commodities over which price controls are lifted, until at last only one or two commodities are left, thus losing the original significance of price reform.

Second, given high inflation, we can hardly attain the desired results in price reform even if it is forcibly conducted in an all-around way. The essence of price reform lies in readjusting price relations. The aim of lifting government controls over prices is to make use of the market mechanism to readjust price relations. Given high inflation, the lifting of government controls over prices will lead to spiraling price rises, and the rising prices of all commodities will inevitably dilute and drown the significance of readjusting price relations. Moreover, with excessive price rises exceeding the capacity of the people to withstand the strains, the government cannot but adopt administrative measures to restrain price rises. As a result, price relations will not only fail to be rationalized, but will probably be distorted even more than they were before.

There is a view which holds that, since the economic environment is not quite favorable, it will be better, as we did in the past, to take small steps in price reform instead of attempting to achieve results in a few years. This, however, actually means postponing it indefinitely. Experience has proved that we shall be in an even more passive position if we postpone price reform. The fact that price relations in our country have been seriously distorted has not only affected enterprise accounting and the improvement of economic results in enterprises but, more importantly, has also led to more serious distortion in the economic structure, leading to a situation whereby, while large quantities of social resources lie idle, the shortages of some resources restrict production. China is poor in natural resources. If economic results deteriorate instead of being improved, it will be difficult for the state to support this for a long time. The existence

of the "double-track system" has provided lawbreakers with an exploitable opportunity and become an economic base corrupting the general standards of social conduct. To solve this problem, we should step up supervision and strengthen the legal system. It is necessary to advocate honest government. However, if we want to solve this problem once and for all, we should adopt the method of going to the root of the matter and eradicate the soil generating these corrupt phenomena. Otherwise, not only will the image of the party and government among the masses be seriously damaged, but the foundation of reform will also be destroyed.

In our view, the only way out is to adopt strong measures to stabilize the economy, reduce the inflationary pressure, and strive to create conditions for the comprehensive reform of the price system at an early date. It is necessary to adopt a tightened monetary and currency policy. In addition to reducing amounts of bank credit on the basis of providing support in a selective way, it is advisable to substantially raise bank deposit rates and credit rates. Financially, we should resolutely reduce the deficits within the scope laid down in the state plan and make up for shortfalls by issuing bonds. It is impermissible to overdraw from the banks. In production and construction we should resolutely implement the guiding principle of stressing economic results. To curtail demand, we should unswervingly do what is necessary to reduce the excessively high economic growth rate. Regarding the state's industrial policy, the policy toward enterprise organizational structure, and the policy on technology, we should deal with each case on its merits. We should not indiscriminately adopt a policy of retrenchment irrespective of actual conditions. In our investment policy, we should conscientiously reduce nonproductive investments, such as the construction of office buildings, auditoriums, and hotels, and investments in ordinary processing industry and guide the funds to construction of basic facilities. In our consumption policy, in view of the fact that people's incomes have increased so quickly that they have outstripped the growth of labor productivity, it is necessary to appropriately reduce their incomes. To achieve this, it is first necessary to concentrate on reducing incomes from special preferential policies, crack down on "officials engaging in speculation," resolutely sort out and reorganize all kinds of "companies," abolish the "small treasuries" of government organs and army units, and adopt effective measures. All kinds of corrupt officials should be punished according to law so as to increase the people's confidence in the government. Second, it is necessary to explain things to the cadres and masses, calling on everyone to work with one heart and one mind and to increase their psychological capacity to withstand the strains of price reform. Third, it is necessary to resolutely reduce administrative expenses, particularly institutional consumption, reserving the funds for supporting the reform.

In short, the key lies in achieving unity of thinking and adopting effective measures. That is to say, from now on measures should be adopted to gradually alleviate overheating in the economy and the inflationary pressure in the not-too-distant future and to carry out an overall reform based on price reform.

Paper Examines Strategic Economic Options

HK3108130988 Shanghai SHIJIE JINGJI DAobao
in Chinese 15 Aug 88 p 12

[Article by Wu Jinglian (0702 2417 8834): "Strategic Options for China's Economic Development and Reform—Forward to 'General Design of China's Economic Reform'"—passages in boldface as published]

[Text] China's economic structural reform is already ten years old. The old, rigid, and closed system has been broken, but the new system has not been completely set up. Therefore, the new and the old systems are in an antagonistic situation, and a number of new questions and many new contradictions have been generated. With such a background, the strategic options for economic structural reform have become very important.

China's economic structural reform has entered its 10th year. With the work done in the past 9 years, the traditional closed and rigid system has been broken, and the factors essential for the new system, which is full of vitality and energy, are being developed. However, because the new and the old systems have not been established into a single system, they are in an antagonistic situation so that neither one can effectively play its role. Under such circumstances, many clashes and conflicts have emerged in the operation of the Chinese national economy, and some social contradictions have also emerged in new forms. It is exactly with this background that Chinese economic circles have launched broad and deep discussions on the question of the strategic options for economic development and reform.

I

This great discussion among Chinese economic circles which broke out in the late 1980's has profound historical origins, and an international background. As for the convenience in analyzing questions, the diverse, confused and complicated viewpoints involved in this discussion, can in general be divided into two basic thoughts.

The main points of one of these two are: 1) The fundamental defect of the traditional socialist economic system is the excessive concentration of decisionmaking power. This has suppressed the enthusiasm and initiative of local governments, production units, and individual laborers. 2) The main idea of reform is to change this situation, and to fully motivate the enthusiasm of local authorities and producers. 3) The enthusiasm of these bodies can be mainly motivated by transferring administrative power to lower levels, and by giving more material incentives to these bodies.

The main points of the other are: 1) The origin of the defects of the old system is the using of administrative orders to allocate resources, and this resource allocation method is not an efficient one. 2) For a highly socialized modern economy, the only method that can effectively replace the method of using administrative orders for

allocating resources is to allocate resources through a market system, which is under marcoeconomic management. This method can guide the initiatives of the numerous individual producers, who have decentralized decisionmaking power, toward the social targets of return optimization and stable development. 3) Therefore, the reform should aim at setting up this market system, and should be implemented in a synchronous and coordinated way. Only the specific reform measures advantageous to the formation of a competitive market system can match the reform direction, and we should only support these measures.

The first thoughts can be said to be the mainstream thinking that has been generally recognized by most socialist countries in their early reform period. China, for a considerable period and to varying degrees, has also held similar viewpoints. That is after several decades' repeated practice, which was carried out in a tortuous way, the second thinking was put forward by Chinese economists and economists of other countries, and has gradually become clear. Since the 1950's, China's discussions on the fundamental theories and strategic options economic reform have been centering on the above mentioned basic questions.

People have already noticed the defects of the partial reform, which is centered on "decentralization of power, and making concession in profit sharing." In 1980, economist Xue Muqiao had already pointed out the limitations of this type of reform. He advocated placing the focal point on "the reform of the price management system," and "the reform of the circulation channels," and to gradually abolish the system of fixing prices by administrative orders, and to set up competitive commodity markets and money markets.

The difficulties result from the overheated economy and the expansion of demand in the fourth quarter of 1984 indicated to the people again that the partial reform simply centering on "decentralization of power, and making concessions in profit sharing" cannot achieve the expected results. Besides, when there is no competitive market and enterprises are not constrained by social demand, the phenomenon that enterprises "are only responsible for profits but not losses," and short-term behavior will emerge, and the pressure of demand expansion will also result. Moreover, due to the lack of a market, which is an essential intermediary body, non-administrative marcoeconomic management (it is termed as "indirect regulation and control" [tiao kong 6148 2235] in China) cannot be set up. Therefore, when it is necessary to strengthen marcoeconomic control, the original administrative means will be employed again, and the old system will be re-adopted. It has become clearer and clearer that the method of finding a way out is to promote reform centering on the market, and to form a competitive market system as soon as possible, to ensure stable economic development and the success of the reform.

However, it is not easy to implement this principle and to maintain this direction in practical economic life. A competitive market mechanism and a reasonable price system are the pivot in enabling effective operation of a commodity or market economy. Therefore, the early formation of these bodies is the key to the success of the reform centering on the market. However, reform in this aspect is the most difficult one. It is because on one hand the reform will abolish the economic foundation formed by administrative power and the "kind-father thinking," and on the other hand it will bring rigid budgetary constraints and will adopt the practice that only the fittest will survive, and the risks that could be brought about by these. It is inevitable that it will be opposed by the people who are going to lose the benefits they have already obtained.

In our view, if price reform is not implemented, and a competitive market is not established, the new economic system will not operate effectively, and the current economic issues cannot be fundamentally solved. Some socialist countries in Eastern Europe have not set up a competitive market mechanism; and after experiencing a stage of several years' stalemate the development of their economies and their structural reforms have successively fallen into a difficult situation where neither economic development nor structural reform can be achieved. These also teach a profound lesson. In comparing these with West Germany and Japan, if West Germany and Japan in the post-war period did not believe in the fundamental principles of market theories, and did not dare take the risks that will inevitably appear but will be overcome, in the course of "money-supply contraction" and in the course of "opening up of the market," the 1948 "Erhard reform" and the 1949 "dao-qi [6670 1142] program" would not have appeared; then the "Erhard miracle" would not have appeared in West Germany and the "Jinmu boom" would not have emerged in Japan. Therefore, viewed from a long-term point of view, the political risks that would be brought about by staying in a stalemated situation under which neither the old nor the new system will occupy the leading position would not be very small, but on the contrary would be very large. We should avoid the emergence of this situation.

II

The thought of implementing reform in an overall and coordinated manner has often been attacked with the argument that this thinking "proceeding from books," is "divorced from realities," and is "idealistic." Therefore, it is not practical. This involves a series of profound questions concerning thinking methods—how to view scientific theories, how to handle the relationship between theoretical knowledge and practical experience, and others.

In implementing the reforms in China, do we have to explore in depth and detail the economic situation of countries all over the world, and do we have to study hard economic theories so as to eliminate practical

mistakes? We have never made many efforts in this aspect. However, this approach is accused of being "bookishness," being "divorced from realities," and so on. Some comrades mixed up the practice of "seeking truth from practice" with the practice of "judging the case as it stands." In their view, the market theories, monetary theories, price theories, the theory of resource allocation optimization, and so on, which have been studied hard by economists over the past several centuries, are just the material written in textbooks for people to read. Moreover, these theories do not have practical application, they are all the useless pedantic ideas of scholars, and only personal experience is reliable. However, we lack experience on a socialist commodity. Therefore, what we can do is to wait and see, and to explore as far as we can. Under the situation that theoretical knowledge and indirect experience are despised, the "view that holds that reform cannot be designed" has become popular, and the generally recognized economic theories are being sniffed at. Under such circumstances, people are encouraged to use the method of "striking and reflection" to make attempts that do not have clear targets.

Our task at present is to achieve the fundamental reform of the Chinese economic structure. This is a system project more complicated than producing individual products or building a whole factory. For such a huge system project, if it is not to be guided by scientific theories, and if it is not to compare with and to draw lessons from international experience, I am afraid that it will have half the results with twice the effort.

III

Another criticism of the "view that reform should be implemented in an overall manner" is that it "proceeds from foreign books." This criticism is not necessarily appropriate.

It is unfortunate that the influences of "leftist" thinking resulted in some obstacles to fully absorbing the useful achievements of modern economics. Having encountered contradictions for many years, some comrades have recognized that a socialist economy is a commodity economy. However, they are not willing to recognize that it is a market economy. Therefore, they intentionally and accidentally despise the great role of the market mechanism in resource allocation. Viewed from the angle that emphasizes the role of the market in resource allocation, there are some reasons why Western economists call the slightly developed economies in the modern and contemporary periods "market economies." This is because, whether speaking from a historical or theoretical aspect, commodity economy is a concept that covers a broader scope than the market economy concept. A market economy is of course a commodity economy, but a commodity economy is not necessarily a market economy. The so-called commodity economy (This is a concept used by Lenin. Marx called it "monetary economy"), just as its name implies, is an economy in which

various types of properties can be bought and sold. In the early stage of the Chinese history, commodity economy has already achieved broad development. As early as in the Qin Kingdom of the Warring States period, land, which is the most important means of production in an agricultural society, had become a commodity, and people were allowed to buy and sell land. In about the 10th Century, China already had paper money—600 to 700 hundred years earlier than Western Europe. There will be a market when there is an exchange of commodities. However, in the ancient Chinese economy, because the natural economy still occupied a dominant position and because even products produced for other people and for society, including the properties circulated in the form of commodities and money, were allocated by administrative order (rent and tax paid in the form of cash and grain, and so on), or traded under the control of administrative authority (government-run farms, royal-family controlled commerce, and so on), market mechanism, in the economic life, did not have a pivotal role in resource allocation. Therefore, the early maturity of the commodity economy in China does not mean that it was already a market economy in ancient times. The so-called market economy is a concept of a highly socialist commodity economy. In a market economy, the market is the basic resources allocator (different markets have different characteristics in different market economies. For instance, a market can be one without macroeconomic management, can also be one which has macroeconomic management, and so on.) The nature of China's economic structural reform is to replace the resource allocation method, which is centering on administrative orders, by one based on market mechanism. In other words, the socialist commodity economy that we have to set up through reform is not other types of commodity economy but a commodity economy that adopts a market allocation method that has macroeconomic control. In view of this meaning, it can be called a socialist market economy.

Modern economists have analyzed in detail the various aspects of the question of how to allocate resources through market mechanism. We consider that in order to design the reform program well and to ensure effective operation of the new system, we need knowledge of this aspect.

In recent years' discussions, some people have taken the idea that China is going to set up a socialist economic structure with Chinese characteristics as the basis, and negate the significance of general economic principles in China's economic reform. We consider that this view is not an appropriate one. It should be clearly stated that different economic systems will have their own characteristics. However, this does not mean that their economies are not being constrained by general economic laws.

IV

Another accusation, which is seldom presented in writings but has been wide-spread, is that: People holding the view that reform should be implemented in a coordinated

manner have pointed out the defects of the practice of decentralization of power and making concessions in profit sharing, and the mistakes of other specific measures, and have put forward that overall and coordinated strategies should be adopted to promote reform. It implies that they have negated the great achievements of previous reform, and they have thus made an unfair appraisal of China's reform. This is disadvantageous to the maintaining of the prestige of reform. Therefore, this view is politically "conservative," and is even "counterrevolutionary."

It is necessary to clearly explain that the purpose of the discussion on the choice of reform strategies is to find a method to further promote reform through practical and realistic analysis of the present situations in China's economic development and economic reform. It is not to evaluate the achievements of the reform, or to appraise people's work. Although there are different viewpoints on this aspect, the nature of the differences should be regarding methods through which reform should be implemented. In my opinion, if such differences in viewpoints and the discussions on different viewpoints are described as the dispute between the view upholding reform and the view opposing to reform, this cannot help us to clarify the questions that we have to discuss.

Over the past several years, the academic atmosphere of the economic circles in general has been good. However, at the same time when there is a general good situation that new ideas are being brought forth and developed and a hundred schools of thoughts are contended, different degrees of defects and some remains of the old period are still found in the democratic discussions on different academic viewpoints, and in the using and respecting of the points that have been proved and analyzed. One of these defects is expressed in the situation that in academic discussions people do not work hard, find out facts, and obtain truth to analyze the work of the people who hold different views, and to expound and prove their viewpoints, but always want to use ideological labels as weapons to win discussions. Some comrades cannot thoroughly implement the democratic spirit required by the reform, and often cannot get used to conducting discussion on equal basis. They take their viewpoints as the line for making judgments, and use rather simplified methods to criticize different viewpoints. Under such circumstances, the economic circles in China have to join their efforts to develop a newer and better academic atmosphere. Each of us should contribute his efforts.

Economics is a science. In front of science, all people should be equal, and everybody discuss freely. Only practice is the final criterion in judging the correctness of theories, and other authorities should not exist. After the 10 years' great calamity, we once sighed with regret that China does not have true economics, but only "supreme instructions," and explanatory notes and defense of

modern policies. However, up until today, the common practice of using the criteria of whether a viewpoint matches the present policies, and whether it is approved by leaders or not, to criticize academic viewpoints has not been eradicated. As a result, the phenomena of "theoretical storms," "turning around hot spots," and so on will emerge. This practice is obviously not advantageous to the formation of a realistic and creative atmosphere in economics, and thus it should not be adopted. In view of this, we suggest advocating the practice of "not bending with the wind, and not becoming a hydrogen balloon that flies with the wind." Although there will be some inevitable mistakes in our opinions, they are in general the results of sincere explorations. Therefore, we treasure them and are not willing to change them easily.

As many East European economists have pointed out, free and realistic discussions on reform theories and practical questions are the essential prerequisite in promoting the reform ahead. We hope that our work is of help in developing this type of discussion in depth and to achieve results in such discussions. The so-called free and realistic discussions, of course, will include exposing contradictions as they really are, carrying out criticism, and other contents. The position of reform workers does not give us any reasons to refuse to be criticized, but has given us heavier responsibility for the people. Therefore, we welcome readers to give us critical comments on our theoretical viewpoints and practical work. Earnest and realistic criticism is of help in perfecting the theories and improving the work, and it is really advantageous to reform.

The present period is undoubtedly the most prosperous period of the science of economics in China. China's reform undertaking is at a very important time. In the wave of reform that is pouring forward, this collection of theses is a tiny spray. We do not expect that it will make a great echo. We will be very gratified if this book can add something to the great stream of discussion.

A competitive market mechanism and a reasonable price system are the pivot for the effective operation of a commodity economy. However, the reform in this aspect is difficult. This is because on one hand it will abolish the economic foundation that is formed by administrative power and the "kind-father ideology," and on the other hand it will bring rigid budgetary constraints and the practice that only the fittests can survive, and the risks that will be brought by these. Therefore, it is inevitable that it will be opposed by the people who have already obtained benefits.

Effects of Bankruptcy Law on Enterprises Viewed
HK3108103088 Beijing JINGJI RIBAO in Chinese
17 Aug 88 p 2

[Article By Yan Kalin (7051 0595 2651): "Make Full Preparations For Eliminating 300,000 Enterprises"]

[Text] Next year or the year after, people will find that a large number of Chinese enterprises will disappear. Therefore, in the future, China's list of enterprises will

have to be revised every year. The formation of the mechanism to eliminate backward enterprises will certainly enable China to eliminate some backward and losing enterprises from her list of enterprises every year in the future.

Our country's Enterprise Bankruptcy Law (For Trial Implementation) will come into force on 1 November, 1988. It is known that China's Supreme People's Court has not only formulated detailed regulations for the implementation of the Enterprise Bankruptcy Law (For Trial Implementation) but also organized the judicial personnel of the intermediate people's courts in all parts of China to study these regulations and familiarize themselves with these regulations.

Not long ago, Zhang Yanning, vice minister of the State Commission for Restructuring Economic System, pointed out that the state will no longer provide shelters to the seriously losing enterprises. The state will make efforts to adopt such measures as contracting out and annexing enterprises, declaring enterprises bankrupt, and so on to deal with the enterprises running in the red for a long time. Baoding, Wuhan, and some other places of China have already started the process of eliminating backward enterprises and have achieved initial success in annexing and contracting out the losing enterprises.

Over the past few years, losing enterprises have been a serious problem facing China's reformers. The state has also repeatedly made efforts to urge the leaders concerned to try their best to turn the losing enterprises into profit-making enterprises. However, so far, little results have been achieved. As a result, the enterprises have only turned to assume full responsibility for their profits but not their losses. This situation has made it impossible for China to strengthen enterprise management, impossible for the Chinese enterprises to increase their profits, and impossible for the reform to advance, and has seriously hampered the development of China's national economy. This year, the state is expected to provide more than 40 billion yuan of enterprise subsidies to the enterprises under ownership by the whole people. This amount is almost half of China's industrial profit or two thirds of China's investment in capital construction. It would be extremely difficult for China to improve its financial situation with this heavy burden on its back. The present situation shows that every year, the losing enterprises of China not only demand a large amount of enterprise subsidy from the state but also waste a large quantity of resources, energy, raw and processed materials, which are presently in short supply in China. What is worse, some losing enterprises of China cannot create any wealth at all for the society. So now, China has felt it necessary to eliminate her losing enterprises.

However, people still have reasons to worry about the difficulties involved in formulating the enterprise bankruptcy law and implementing the enterprise bankruptcy law on a trial basis. So far, no state-owned enterprise has been declared bankrupt. Only two collective enterprises

have gone into bankruptcy. Will it be possible and feasible for a large number of enterprises in China to go bankrupt? In my view, this worry is unnecessary. What we should do is to make the necessary preparations to deal with the problems and difficulties that might emerge after some enterprises are declared bankrupt.

At present, there are more than 400,000 losing enterprises in China. According to conservative estimates, some 300,000 of these losing enterprises are expected to be declared bankrupt. The number of staff and workers of the losing enterprises to be declared bankrupt is estimated at several million.

No doubt, that some 300,000 losing enterprises are declared bankrupt not only means that these losing enterprises will step down from the economic stage but also means that several million other enterprises and tens of millions of staff and workers in China will be affected. However, the elimination of a small number of losing enterprises will enable the majority of the enterprises of China to assume full responsibility for their own profits and losses and will introduce the mechanism of competition into the majority of China's enterprises, thus greatly invigorating them. Moreover, the supersession of the old social and economic cells by the new social and economic cells will greatly invigorate the entire national economy of China. Although the staff and workers of the losing enterprises, which are to be declared bankrupt, have to be resettled and have to wait for new job opportunities, a reasonable standard of living will be guaranteed for them. To these staff members and workers, looking for new jobs means freeing themselves from their old units, gaining the initiative in their own hands, having the freedom to move from one place to another, and having new job opportunities, new hopes, and new prospects.

However, the elimination of some 300,000 enterprises will not only produce positive results but also produce some negative results as well. What will the factory directors, the responsible departments, and the staff and workers feel if their enterprises have to be declared bankrupt or have to be annexed? Attention must be paid to these problems.

Moreover, we should understand that once a losing enterprise has been declared bankrupt, the first thing we should do is carry out a scientific evaluation of the assets of the enterprise concerned and try to solve the problems concerning the ownership of the enterprise assets and the transfer of the enterprise assets. After an enterprise is declared bankrupt, we will come across problems regarding the social security of the staff and workers, will have to provide social services to the staff and workers of the losing enterprises that have been declared bankrupt to enable them to find new jobs, and will have to help the staff and workers of the enterprises that have been declared bankrupt to solve their housing problems and problems concerning the change of their registered permanent residences, their oil and grain rations, and so on.

A solution to all these problems is the prerequisite for the elimination of a large number of losing enterprises in China. As far as the present situation of our country is concerned, most of the areas of our country still lack the necessary conditions to solve these problems. Under such circumstances, what should we do?

It is quite obvious that the elimination of a large number of losing enterprises of China is far more than an economic issue. Although eliminating a large number of losing enterprises in China is a painstaking task, in order to develop the commodity economy, increase the economic results, and deepen the reform of the economic structure, we must accomplish this task. No further delay is allowed with regard to the carrying out of this task. The more difficulties we come across, the more sober-minded we should keep ourselves. We must grasp every opportune moment to create and perfect various necessary conditions and make full preparations for the official implementation of the Enterprise Bankruptcy and Annexation Law.

Enterprises Get Greater Investment Authority
OW0109084488 Beijing XINHUA in English
0534 GMT 1 Sep 88

[Text] Beijing, September 1 (XINHUA)—Enterprises are to be given more power to make and manage their own investments under a package of short-term reforms worked out by the State Planning Commission.

The reforms aim to promote more efficient management of investment funds, a commission official said.

He said local governments will also assume more responsibility in key construction projects.

Investments in major regional projects will be controlled by local authorities while national projects will be controlled by the central government.

Enterprises will be able to collect money and material, decide the investment form and construction plan, and budget profits from investment accordingly.

Foundations will be created to secure a financial source for capital construction.

The foundations will involve business investment in key projects in infrastructural construction and basic industries and will also involve non-business investment for cultural, educational, scientific projects and projects to harness rivers directly run by central departments.

Six special investment companies have been established to manage investment. They represent power, communications, raw material, textile, agriculture and forestry industries.

The companies will practise independent accounting and have a board of directors.

"The reform plan is expected to secure a proper investment scale and orientation, limit extra-budgetary investment and integrate right, responsibility and profit in investment management," said the official.

China has been reforming investment management since 1979. Funding channels have been opened, approval process has been simplified, and bidding and a contract responsibility system have been introduced.

More Enterprises Take Over Troubled Factories

OW0109214188 Beijing XINHUA in English
1530 GMT 1 Sep 88

[Text] Guangzhou, September 1 (XINHUA)—An increasing number of economically strong enterprises in China are taking over factories operating in the red.

The trend, which began in Baoding in north China's Hebei Province in 1984 and which now has spread virtually throughout the country, might become "the third wave" of restructuring Chinese enterprises, economists say.

The takeovers have streamlined production, brought greater policy-making powers into operation, reduced taxes, generated higher profits, and, of course, have staved off bankruptcies.

"Annexation is needed to develop a commodity economy," said economist Sun Shangqing, author of a book, "The Questions of the Chinese Economic Structure".

Sun said that takeovers concentrate production in the hands of adept managers and facilitate the development of productive forces.

Currently enterprises representing fixed assets of more than 200 billion yuan (54 billion U.S. dollars)—or about one-third of the country's total—are standing idle or are underutilized. Annexation can bring these assets into fuller use and accelerate economic development.

After annexing 14 enterprises, an electric appliance company in Zhanjiang, Guangdong Province, has developed into an enterprise group that does 170 million yuan worth of business a year.

More Foreign Contracts To Supply Plane Parts

OW0109052688 Beijing XINHUA in English
0154 GMT 1 Sep 88

[Text] Beijing, September 1 (XINHUA)—China has clinched more than 400 contracts to supply plane parts for foreign companies, reports today's OVERSEAS EDITION of the "PEOPLE'S DAILY".

The contracts are worth 187 million U.S. dollars, of which one-third have so far been fulfilled.

These parts are becoming increasingly sophisticated, the paper said, including the nose of MD82 and the fin of Boeing 737.

There are eight enterprises in China which have won contracts to supply parts to such countries as the United States, Great Britain, Federal Germany, France, Canada, Italy and Sweden.

These enterprises earned 12 million U.S. dollars from exports last year, and the amount is expected to be 17 million U.S. dollars this year, said the paper.

'Prairie Plan' To Boost Rural Development

OW0109082588 Beijing XINHUA in English
0615 GMT 1 Sep 88

[Text] Beijing, September 1 (XINHUA)—China is planning to train large numbers of young people to learn useful techniques for rural economic development.

According to today's "GUANGMING DAILY", a State Education Commission plan called the "prairie plan" has already been approved by the State Council and will be put into practice in 1,500 demonstration centers in 500 counties during the nation's seventh "five-year plan" period from 1986 to 1990.

Under the plan, various schools in rural areas will pass on agricultural techniques and managerial knowledge among young farmers.

Pilot techniques suitable for local conditions, technological training and information services will be provided on a large scale to promote agricultural production.

Since 1985 China has already carried out the "sparkling plan"—a State Science and Technology Commission plan aimed to develop practical technology in rural areas. The "prairie plan" will take that plan one stage further, according to a leading official from the State Education Commission.

He Kang Calls for Good Autumn, Winter Sowing

OW0109092588 Beijing XINHUA Domestic Service
in Chinese 1813 GMT 31 Aug 88

[By reporter Pu Liye: "Our Country's Output of Grain and Oil-Bearing Crops May Be Reduced This Year; the Ministry of Agriculture Calls for Good Autumn and Winter Sowing"—XINHUA headline]

[Text] Jinan, 31 Aug (XINHUA)—The Ministry of Agriculture recently held a national autumn production conference in Yantai City to discuss arrangements for autumn production, as well as autumn and winter sowing. The meeting called on people in all localities to lay a sound foundation as soon as possible for a bumper harvest next year.

The agricultural situation is not ideal this year, and this makes next year's tasks in agricultural production much more arduous. At the conference, Minister of Agriculture He Kang called on people in all localities to do a good job in autumn and winter sowing and to make every possible effort to reap a bumper harvest of grain and oil-bearing crops next summer. First, overall planning should be made for the distribution of winter crops in order that they are not damaged. In addition to tapping the potential of steady- and high-yield areas, attention should be paid to developing winter agriculture in the south, planting the wheat crop on dry land in the northwest, and making full use of medium- and low-yield farmland in other regions. Rational arrangements should be made for the acreage sown to winter grain and oil-bearing crops, the green manure crop, and vegetables. Second, straw is plentiful, and temperature is high in summer. We should take this good opportunity to mobilize the masses to spread more straw over farmland and to apply more organic fertilizer in order to raise soil fertility. Third, all localities should ensure the supply of seeds, especially improved seeds. At the same time, technical guidance should be given in selecting and processing seeds and sowing them. Fourth, full preparations should be made for autumn sowing in the next 15 days or so. Plans, materials, farm machinery and implements, and technical measures should be made available, and every effort should be made to carry out the autumn sowing task qualitatively and in a timely manner.

PLA Helps Fight Floods During July, August
OW0209020188 Beijing XINHUA in English
0128 GMT 2 Sep 88

[Text] Beijing, September 2 (XINHUA)—About 88,000 soldiers of the Chinese People's Liberation Army have helped fight floods in China during July and August.

The Army also dispatched 40 planes, 25 vessels, and 1,900 vehicles and machines.

The soldiers' exploits have included rescuing 1,800 Chinese and foreign tourists who became stranded July 15 in the Huashan Mountain by torrential rain. The rescue was effected in 30 hours, despite high danger of mud slides.

Soldiers also rescued 2,500 people after a typhoon struck Zhejiang Province at the end of July. In addition they helped consolidate 50 km of dykes.

When a flood in the Nenjiang River menaced Qiqihar City in Heilongjiang Province and a reservoir in Jilin in early August, nearly 10,000 soldiers worked day and night together with local people to build up dykes and block breaches.

Scientists Warn of Autumn Chang Jiang Floods
OW0209062688 Beijing XINHUA in English
0538 GMT 2 Sep 88

[Text] Beijing, September 2 (XINHUA)—Big floods may hit the upper reaches of the Yangtze River, the longest river in China, this autumn, scientists of the Yangtze River Valley Planning Office warned yesterday.

They forecast that heavy rains will fall along the upper reaches in September and October.

Their forecast is based on the existence of a subtropical high—a key factor causing rainstorms—in the Western Pacific which is moving towards Sichuan and Shaanxi Provinces.

Torrential rains have already caused the Dongting Lake area to swell, raising the water levels in four tributaries of the Yangtze.

The office predicted that on September 4 the river level in Wuhan will be 24.6 meters, which is higher than the warning line.

RENMIN RIBAO Cited on Railway Construction
OW0109052488 Beijing XINHUA in English
0157 GMT 1 Sep 88

[Text] Beijing, September 1 (XINHUA)—More than 1,200 kilometers of local railways are under construction in China, today's OVERSEAS EDITION of the "PEOPLE'S DAILY" reported.

Another 3,000 kilometers are planned. By the end of 1987, about 3,200 kilometers of local railways had been put into operation, of which over 800 kilometers had been built in the past four years.

China's local railway construction has entered its best period, said Li Senmao, minister of railways, and a new pattern of China's railway construction combining state-built, locally-built and joint venture railways has emerged.

In the past four years, China's local railways have transported 45.7 Million passengers and 130 million tons of freight earning profits of 127 million yuan, the paper said.

Since 1984, China has carried out a series of measures to promote the development of local railways, such as boosting investment and allowing local railways to fix their own prices.

Ministry officials say that by 2000 another 6,000 kilometers of local railways will have been built.

Experts Urge More Funds for Communications
HK0109061888 Beijing CHINA DAILY in English
1 Sep 88 p 3

[By staff reporter Ma Lixin]

[Text] Chinese researchers have urged the government to spend more money on the postal and telecommunications industry.

They say the industry is playing a vital role in linking different parts of China and linking the nation with the outside world.

They proposed at a ministerial level meeting in Beijing on Tuesday that the State should invest 1 million yuan more in the industry, a sum they say can be recovered in about two years.

The researchers, from the Ministry of Astronautics and Aeronautics and the Ministry of Post and Telecommunications, believe such an investment would add 1,380 million yuan to the gross national product of the nation within 10 years.

The government now invests 1 per cent of its total national investment budget in post and telecommunications and the researchers want to see it increased to 2.63 per cent.

Proposals [subhead]

Their proposals were supported by the Chinese Minister of Post and Telecommunications Yang Taifang and other senior officials attending the meeting.

The industry is having problems keeping up with the sharp increase in the number of consumers and volume of work—a result of the nation's new go-ahead economic policy.

In the past 38 years, business has increased 27-fold. The number of letters posted went up from 600 million a year in 1950 to 5,478 million; the number of city dwellers with telephones rose from 210,000 to 2.93 million; those with phones in the countryside increased from zero to 970,000; the number of long distance phone calls rose from 9.02 million to 515.25 million.

The researchers point out that a backlog of mail and frequent interruptions of telephone calls have brought many complaints from both Chinese citizens and foreigners and have greatly hampered the development of the national economy.

They suggested that the postal and telecommunications industry should be listed as one of the most urgent areas of development.

In the industrialized countries, investment in telecommunications alone occupies 0.6 per cent of their Gross National Product and that of the developing countries averages 0.3 per cent.

Comparison [subhead]

In comparison, China's investment occupies just 0.1 per cent of GNP and is too low to meet the worldwide revolution in new technology and the advancement to an information society, experts explained.

The researchers also suggested raising postal and telecommunication charges particularly the unreasonably low prices of letters, parcel and local phone calls.

Confucius Commemorative Meeting Scheduled *HK0109100988 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 34, 22 Aug 88 p 25*

[Article by Ma Zhenduo (7456 2182 6995): "Kung Te-cheng and Chen Li-fu Are Invited to a Confucius Commemorative Meeting Next Year"]

[Text] "Next year will be the 2,540th anniversary of Confucius' birth. The China Confucius Foundation has concluded an agreement with UNESCO on joint sponsorship of a commemorative meeting and an academic symposium in Beijing in the autumn of next year. The China Confucius Foundation hopes that Kung Te-cheng and Chen Li-fu of Taiwan will attend the meeting, and welcomes Taiwan academics to the meeting to blaze a new trail in academic exchanges between the two sides of the strait."

Gong Dafei, executive vice president of the Confucius Foundation, made these remarks at an academic symposium held in Beijing on 5 August.

This symposium, aimed at promoting academic exchanges between the two sides of the strait, was jointly sponsored by the Confucius Foundation and the Editorial Department of KONGZI YANJIU [CONFUCIAN STUDY].

Among those present at the symposium were famous academics including Hu Houxuan and Zhang Zhenglang, researchers in the Historical Research Institute of the China Academy of Social Sciences; Yang Ximei, who originally worked for the Taiwan Central Research Institute and is now a researcher in the Historical Research Institute of the China Academy of Social Sciences; as well as 20 or so personages from the China Academy of Social Sciences, Beijing University, the People's Publishing House, and the China Bookstore. Mr Tai Sheng-yu, professor in the Political Department of the Taiwan Tung Hai University who was visiting Beijing, also attended the symposium on invitation.

The participants pointed out that civilian-run academic organizations should make their own contributions to the academic exchanges between the two sides of the strait. Since the Confucius Foundation studies Confucian thought and theory as well as traditional Chinese culture, it should take the lead in this respect. As a responsible person of the foundation, Gong Dafei said that the China Confucius Foundation always advocates that academics on both sides of the strait should seek common ground while reserving differences and should share common efforts in studying and developing Chinese culture. Recently leaders of the Taiwan Confucius and Mencius Institute made similar suggestions. The China Confucius Foundation appreciates this.

The participants pointed out that there is tremendous potential for cooperation between the China Confucius Foundation, the Taiwan Confucius and Mencius Institute, and other civilian-run academic organizations. This

includes holding regular academic symposiums, jointly running magazines, and publishing academic theses in journals on both sides of the strait. To promote cooperation between the China Confucius Foundation, the Taiwan Confucius and Mencius Institute, and other academic organizations, the participants suggested an early direct contact between the two sides, to be held on the mainland, in Taiwan, or elsewhere.

Famous academics Hu Houxuan and Zhang Zhenglang worked for the Central Research Institute before New China was founded, and Yang Ximei worked for the Taiwan Central Research Institute before he settled down on the mainland in 1981. They have many old friends in academic circles in Taiwan. The three of them sent their regards to their old friends and expressed the hope that their old friends will give lectures and carry out surveys on the mainland.

East Region

Fujian Stresses Strong Politico-Ideological Work *OW0109004288 Fuzhou FUJIAN RIBAO* *in Chinese 10 Aug 88 pp 1, 2*

[Some Opinions of the Fujian Provincial CPC Committee on Transforming and Strengthening Ideological-Political Work in the Course of Reform and Opening to the Outside World—1 July 1988]

[Text] Since the 13th CPC National Congress called on the whole party to pay attention to, and strengthen, ideological and political work, party organizations at all levels in our province have made an earnest effort to do so. Of late, the party Central Committee has stressed, on several occasions, that ideological and political work should not only be strengthened, but should be transformed as well. In accordance with these guidelines set by the party Central Committee, we have summed up our many years' practical experience, conducted investigations and studies and, on this basis, carried out serious discussions and research. The following are our opinions on how to transform and strengthen ideological and political work in the course of reform and opening to the outside world. Transforming and strengthening ideological and political work is a process of continuous exploration and practice. Likewise, our understanding of this work should undergo a process of being continually deepened and enhanced. We present the following opinions for the purpose of urging the whole party and society to attach importance to this work. We also hope to put these opinions into practice, sum up experience, and perfect opinions on the basis of the actual situation in various localities and units, so that our ideological and political work will achieve still greater success in the course of reform and opening to the outside world.

1. Get a Clear Understanding of the New Circumstances Confronting Ideological and Political Work [subhead]

Ideological and political work is a fine tradition in our party. It played a significant role in revolution and construction for a long time past. In the course of shifting the focus of the party's work since the 3d Plenary Session of the 11th CPC Central Committee, ideological and political work in our province has been centered around the general objective and task, aimed at opposing ideological influence from the "left" and right, and achieved considerable results in pushing ahead the program of the four modernizations, in promoting reform and opening, and in maintaining political stability and unity. Our political work contingent is composed of outstanding comrades, who are a precious asset of our party. Each and every major achievement we scored in the past 9 years was imbued with the hard work of our ideological and political workers.

Now, China's reform has entered a critical stage. With the deepening of reform and the expanding scope of opening up, some very difficult and unavoidable problems have appeared right before us. We must have a clear understanding of the current situation and our responsibilities, adhere firmly to the orientation of reform, brave stormy waves to forge ahead, and resolutely determine to solve the unavoidable difficulties arising in the course of reform. Since Fujian is a comprehensive reform experimental area, we are all the more required to conduct reform boldly, tackle the difficult problems courageously and, through experiment, try to achieve the goal of reform as quickly as possible, to accelerate the replacement of the old system by the new.

The new circumstances of reform, opening up, and economic development have put a new, and greater, demand on our ideological and political work. On the one hand, with the implementation of the coastal economic development strategy and the continual deepening of reform, new contradictions will constantly arise, and there will be more problems in people's minds due to these contradictions. We must give full play to the active role of ideological and political work in prompting people to raise their consciousness, discard doubts and misgivings, do away with interference, enhance understanding, strive with one mind to progress in reform and opening, and serve the purpose of building a new order based on the socialist commodity economy. Because of this, the ideological and political work in the course reform and opening should be strengthened rather than weakened. It is not optional, but is a task we must emphasize. On the other hand, we must make ideological and political work adapt to the new situation. Currently, we are not only faced with the problem of strengthening ideological and political work, but also of transforming it. Strong ideological and political work will result only after transformation work is completed. New situations pose new problems for ideological and political work. Old ideas, old workstyle and methods no longer meet the demands of the new period. We should, while taking into account the separation of party and government functions, actively explore new ways for ideological and political work in the new climate of our country's opening to the outside world. We should better adapt this work to the needs of modern mass production and commodity economic development, and give it a new look.

The course of historical development shows that nations' development depends on strong spiritual support. In the course of developing a socialist commodity economy, we should not only stress economic law and material benefits, but also ideals, morals, and discipline; not only reform and opening to the outside world, but also ideological and political work. When conducting such work, we should, with perfect assurance, stress the superiority of the socialist system, the good situation, and the prospects for reform and opening to the outside world, so as to promote economic development and social stability, and bring about the establishment of a new order in

socialist commodity economy. All party members should undertake and strive to fulfill the glorious task of transforming and strengthening ideological and political work.

2. Establish New Concepts in Ideological and Political Work [subhead]

To realize the goal of transforming and strengthening ideological and political work, we must, in addition to carrying forward the party's excellent tradition in ideological and political work, strive to establish new concepts adapted to socialist planned commodity economy and democracy. Recent practice shows that we should establish the following concepts.

We should establish the concept of ideological and political work subordinated to, and serving, the general goals of the party, of the concept of "integration" between ideological, political, and economic work. We must overcome the phenomenon that separate ideological and political work from economic work; instead, we should integrate ideological and political work with the solution of practical problems in the course of modernization, reform, and opening to the outside world. Promoting or not promoting economic work should be made chief criterion to judge the results of ideological and political work.

We should establish the concept of respecting, understanding, and caring for people. We should fully mobilize the people's initiative and creativity, letting people in all walks of life bring their talents into play in the four modernizations. We should allow and encourage people to pursue personal likes and hobbies, and create conditions for personal development within the scope of the Constitution and law, and as long as their pursuits do not contravene social ethics.

We should establish the concept of socializing ideological and political work. Economic and social life are made more complex in the situation of reform and opening to the outside world. Solving people's ideological problems has to take into consideration the concurrent solution of practical problems. The time of only relying on a few ideological and political workers to do the work has passed. We should mobilize and bring positive factors into play and establish a new system which mobilizes most people in society to do ideological and political work.

We must carry out ideological-political work in various ways and at different levels, discard the overcentralized and mandatory method of demanding a standard, and enhance the initiative and creativity of all areas, departments, and units so as to enrich and enliven ideological-political work.

In carrying out this work, it is necessary to pay attention to equal dialogue and persuasion. With the development of socialist modernization and the deepening of reform

in our country, the people's power of thought, educational level, and understanding of democracy have been gradually enhanced. In carrying out ideological-political work, we must discard the simple and rigid method of one-way instillation of ideas, encourage two-way exchanges, correctly handle the relationship between educators and the educated, and help the masses educate themselves, thereby raising people's ideological and moral quality.

Ideological-political work should be open. It should not be sealed up or partially sealed up. As we are carrying out reform and opening up to the outside world, our ideological-political work should help people correctly study, and make use of, the advanced technology, advanced managerial expertise, and useful culture from developed countries. At the same time, we must be able to resist the onslaught of decadent feudal and capitalist ideas.

3. Have a Good Grasp of the Contents of Our Ideological-Political Work Under the Present Situation [subhead]

In improving ideological-political work in the period of reform and opening to the outside world, we should give priority to the purpose and effectiveness of education. We must follow the party's basic line for the primary stage of socialism, put forward at the 13th party congress, vigorously develop productive forces, concentrate on economic development, uphold the four cardinal principles, confirm the general principle of reform and opening to the outside world, and carry out ideological education in accordance with our general policy on socialist modernization. In Fujian, it means that we must clear the ideological obstacles, prepare public opinion, provide spiritual force and guarantee for the vigorous development of an export-oriented economy, promote the successful implementation of the strategy for developing the economy in the coastal areas, and strive to achieve the strategic development plan of quadrupling the provincial gross product 5 years ahead of schedule by working hard for 11 years.

Practice on the ideological front in our province in recent years demonstrates that the general requirement that ideological-political work, with the emphasis on education on the party's basic line, should serve "one center, two basic points," put forward by the provincial party committee, accords with the reality in Fujian and has yielded fruitful results.

Currently, our ideological-political work should center on education on the party's basic line. To deal with ideological problems and other problems of understanding among the masses during the crucial period of deepening reform, we must proceed from the fundamental goals of helping people emancipate their minds, of mobilizing the people of the whole province to join in the effort to "invigorate the nation and realize the four modernizations," and of training a new generation of

people with lofty ideals, moral integrity, education, and a sense of discipline, distinguish between our targets, and concentrate on the following aspects of education at different levels:

We must conduct education on the criterion of productive forces. This is an important part of the education on the fundamental theory of Marxism. We should help cadres draw a line between scientific socialism and utopianism, and understand the relationships between the criterion of productive forces and the theory of the primary stage of socialism, and between the theory of planned commodity economy and the criterion of truth. We must educate the cadres and masses to transform their traditional concept of natural, product, and small commodity economy. We must dare to discard the old systems, boldly carry out the strategy for developing the economy in the coastal areas, make good use of the special and flexible policies for our province approved by the party Central Committee, and vigorously advance the development of an export-targeted economy.

We must carry out education on the current policy of reform and opening to the outside world. As soon as policies on deepening reform and expanding the opening to the outside world are announced, we must do a good job in propaganda and education work. In particular, we must patiently explain these policies to people who have a mistaken or muddle-headed understanding of reform, to eliminate their misgivings and enhance their confidence. At the same time, we must carry out education on the knowledge and basic theory of commodity and export-targeted economy among the cadres and masses, in order to help them learn something while taking part in reform and opening to the outside world. In this way, they demonstrate their skills in developing a commodity economy and in taking part in exchange and competition on the world market.

We must conduct education on socialist democracy and the legal system. We should educate all citizens to value their democratic rights and enhance their awareness of democracy and political participation. We should enable them to understand the dialectical relationship between socialist democracy and the socialist legal system, to correctly distinguish between socialist and capitalist democracy and freedom in the West, to enhance their concept of legality and discipline, to cultivate a good habit of respecting laws and discipline, and to consciously safeguard social stability. We should conduct education to enable all citizens to understand their obligations and responsibilities during the period of reform and opening to the outside world, to act as masters of the country and fulfill the demands brought about by the new situation of reform and opening to the outside world, to adopt a correct attitude to the adjustment of interests which have occurred in the course of reform, to correctly handle the relations between the state, the collective, and the individual, to keep the whole situation in mind, to make the realization of socialist modernization their responsibility, and to share the same fate with reform.

We should conduct education on our national spirit, which is characterized by self-reliance and working hard with a pioneering spirit. We should, through education, enable the people to correctly understand the relationship between opening to the outside world, utilizing foreign capital, and importing technology on the one hand and upholding self-reliance on the other, to understand that we should rely on self-reliance to invigorate the Chinese nation because China is a big country, to understand that reform is a complex and arduous long-term process, and to understand that in carrying out the strategy to develop the economy in the coastal areas, they must have a sense of urgency, must not bungle good opportunities, and must work arduously and indomitably to build a solid foundation. We should have a correct understanding of Fujian. That means that, while we see its shortcomings, we should also see its strong points and advantages. In this way, we can keep up our spirits and work unyieldingly to catch up with the advanced. We should also, through education, encourage the cadres and masses to carry forward the fine tradition of diligence and frugality and enable them to correctly handle the relationship between production and consumption, to overcome the tendency to excessive consumption, to put an end to extravagance and waste, and to form a good habit of managing households and running all undertakings industriously and thriftily.

We should conduct education on how to resist corruption. Party committees and governments at all levels must give priority to promoting clean administration and persuade party cadres to consciously undergo the twin tests of being power wielders and executioners of the policy of reform and opening to the outside world. We should also educate party and government functionaries to carry forward the spirit of showing concern for affairs of state before others and enjoying comfort after others, and to resist decadent behavior, such as abusing power to seek personal gain and accepting bribes. We should strengthen education on professional ethics and social morality, oppose and eliminate bad practices among trades, strive for quality of service in all spheres, and harmonize the new socialist human relationship in order to promote social stability and harmony. We should continue to enhance the ability of party members, cadres, and the masses to resist the onslaught of backward feudal and decadent capitalist ideas, launch education on transforming old customs and habits, with emphasis on promoting "the five new customs and habits" and "opposing the five old customs and habits," and advocate health work and a scientific mode of life. We must pay particular attention to eliminating feudalistic superstition and outdated conventions and customs, put a stop to social evils which have cropped up in some localities, and create a good social environment for deepening reform and expanding opening up to the outside world.

4. Create a New Style for Ideological-Political Work
[subhead]

Striving to create a new form and method of ideological education is an important link in improving ideological-political work. In carrying out this work, we should continue to probe for new ways and methods, in accordance with the demands of the new situation, while carrying forward the party's fine tradition of ideological-political work and our successful experiences gained in the past few years.

In carrying out ideological-political work, we should gradually discard the method of political movement practiced in the past. We should strive to socialize, regularize, and standardize ideological-political work. In the primary stage of socialism and in the environment created by reform and opening to the outside world, people tend to think about a lot of things, and the problem of understanding tends to relapse more often; the replacement of new ideas and concepts and the enhancement of political consciousness also have to go through a process. Therefore, in doing ideological-political work, we should not adopt the method of political movement, nor should we sometimes do it vigorously and sometimes relax it. While relying mainly on education with positive examples, we should vigorously publicize advanced examples and commend good things and people; in dealing with backward people, we should repeatedly use education to enlighten them; in dealing with special incidents, we should use persuasion in order to prevent the contradiction from intensifying. In this way, we can achieve a good result in ideological-political work, because people will listen and accept it.

We should continue to advocate the method of democratic, equal, and two-way exchange, and gradually improve the system of social consultation and dialogue. On the basis of earnestly studying and thoroughly understanding the party's principles and policies and making practical investigations to find out what the masses are thinking, leadership at all levels and ideological and political workers should not avoid questions, particularly difficult, hot, and doubtful ones, about which the masses are concerned and for which they expect a solution, and should sincerely, frankly, and faithfully promote dialogue and exchanges. They should give a satisfactory explanation of the questions which cannot be solved for the time being, in order to achieve the goals of promoting mutual understanding, mutual enlightenment, better mutual relations, discarding old habits, and improving together.

We should uphold the principle that ideological questions should be solved mainly through self-education. On this basis, we should help the masses enhance their ability to educate themselves and to solve their own problems. To inspire and influence the masses, we should try to promote education in all fields of work, in all healthy and useful activities, and in all forms of service. In factories and enterprises, we continue to

launch activities such as organizing reading meetings, report meetings, debates, symposiums, essay and general knowledge competitions, and lectures on special topics. In the rural areas, in addition to promoting dialogue with peasants and attending party and CYL classes to receive ideological education, it is necessary to enhance the role of cultural, broadcasting, and technology propagation stations, homes of young people, associations for spreading science, and spare-time sports and recreational organizations in order to form a pattern of ideological-political work activities which encourage self-study and self-improvement.

We should pay attention to applying the pictographic form of education. In carrying out ideological education, we should discard empty political theories. Instead, we should use pictographic education to attract and influence people. In recent years, our province has used videotapes to educate party members. In conducting education on the party's basic line, many localities have organized "Reform and Open Policy Movie Propaganda Week" activities, used television to publicize the excellent situation and advanced units and personnel on all fronts, videotapes to introduce the experiences of other areas, pictures and exhibitions to publicize the success of reform and opening to the outside world, and organized literary and art programs to spread the line adopted at the Third Plenary Session of the 11th CPC Central Committee, using television films to propagate legal knowledge. Marked achievements have been made in all these activities. We should earnestly sum up our past experiences in order to make this form of education play a better and greater role in our ideological-political work in the new period.

We should launch ideological-political work with the intention of solving practical problems. In solving the ideological problems among the masses, we should do it in conjunction with solving their practical difficulties and contradictions. All areas have gained good experiences in this respect. For instance, in conducting education on professional ethics and social morality, many prefectures and cities have launched mass activities to build a spiritual civilization. In these activities, they have taken the initiative in solving practical difficulties for the masses and have also mobilized all members of society to set an example in taking part in promoting professional ethics and social morality. By doing so, all members of society have received education in these two respects, thus enhancing their ideological and moral quality.

5. Explore a New Structure for Ideological-Political Work [subhead]

To meet the demands of the situation created by reform, we should, after vigorous exploration, gradually establish a new socialized and efficient structure for ideological-political work under the leadership of local party committees at all levels, a structure where work is shared, coordinated, and managed by party, government, and mass organizations.

First, local party committees at all levels must strengthen leadership over ideological-political work. It must be made clear that the separation of party from government means the separation of functions. Party committees should free themselves from routine administrative work and concentrate on improving ideological-political work, conduct ideological education in all spheres of construction and reform in order to enhance the masses' socialist initiative, creativity, and devotion to work and to strengthen the nation's solidarity and centripetal force.

Governments at all levels and the administrative departments of enterprises and institutions should make ideological-political work one of their duties and part of their government and professional work in order to ensure the successful completion of all fields of work. Ideological-political work must be included in the system under which a person is held responsible for the attainment of certain objectives during his or her tenure, and should be used as one of the criteria in evaluating career achievements. Enterprises and institutions, which have introduced the system under which the head administrator assumes full responsibility, should quickly establish an ideological-political work network under the responsibility of administrative leaders and with party and government cadres forming the main part. Such a network should be run jointly by party, government, mass, and CYL organizations, and other relevant departments.

Trade unions, the CYL, women's federations, and other mass organizations should coordinate with party and government organizations in carrying out ideological-political work. Mass organizations should play their role and make use of their advantages according to circumstances. They should promptly relay the party and Government's principles and policies to the masses, and should also inform party and government departments of the masses' feelings, demands, and suggestions. Mass organizations for the study of ideological-political work are also an important force in this work. Therefore, party and government departments should ensure that they play their role actively.

The family is a cell of society, while schools are the place for training competent personnel. The healthy growth of young people depends on ideological and moral education at home and in school. We should understand the importance of families and schools to the network of ideological-political work. We must make use of these two links to spread ideological-political work to all homes and young people. We should continue to advocate, and launch, activities to create "five good families" and "civilized homes." In particular, we should encourage party cadres to set a good example at home to bring about a good social environment and social practice. In schools of all types we should encourage the training of competent personnel for national construction, morally, intellectually, physically, and aesthetically developed and capable of doing physical labor, and should oppose the one-sided practice of going after high points and further studies.

Party and administrative personnel and faculty members of our schools should all act as good teachers and helpful friends and jointly carry out students' ideological-political work. As most young people and students tend to have innovative ideas and a variety of interests, and to thirst for knowledge, we should communicate with them to exchange ideas and build friendship, and organize more healthy cultural, sports, and intellectual activities oriented to their interests. We should value the CYL's exemplary vanguard role, and encourage its members to act as helpful hands for the party in conducting ideological-political work in a lively manner. Party and government departments should assist them and create necessary conditions.

We should value the importance of public opinion in our ideological-political work. We should make newspapers, periodicals, radio, and television, as well as performing arts, a strong link in our ideological-political work. Press and cultural activities should play an active role in assuring people and regulating public opinion. Publishing firms should publish more fine works to safeguard our young people's physical and mental health. This is necessary to meet the needs of ideological-political work in the new period.

To promote the establishment of this new structure, a system of holding joint meetings on ideological-political work should be established in all areas. The province plans to hold a joint meeting on ideological-political work every 3 months, to be attended by responsible comrades from relevant units. The meeting will hear work reports from the ideological front, discuss and study party building, propaganda, and ideological work, and make policy decisions and plans. It will be held on a regular basis.

6. Promoting the Establishment of a New Socialist Commodity Economic Order [subhead]

The party Central Committee has recently entrusted the entire party with the historic task of establishing a new order of socialist commodity economy. Transforming and strengthening ideological-political work will help establish the new socialist commodity economic order, and transformed and strengthened ideological-political work will become an important component of the new order. The new economic order must be established in the stormy waves of reform. This requires people throughout the country to realize that they are in the same boat. It requires their determination and courage to help each other to overcome difficulties. It requires cadres and workers in all trades and professions to work hard to raise economic efficiency. It also requires the creation of a favorable economic environment and a stable social environment. We cannot accomplish this without powerful ideology and social ethics to guide and influence people's thinking. We must enhance people's confidence and inspire them to work with a strong determination and with one heart and one mind to push forward reform, opening, and modernization. Local

party committees should enhance their understanding of the importance of ideological-political work to the establishment of a new socialist commodity economic order. They should comprehensively and accurately implement the guidelines of the party Central Committee on ideological-political work, while keeping to the local orientation. Particularly, they should make earnest efforts to define the immediate goals and emphasis, and work out plans and measures to transform and strengthen ideological-political work, in accordance with the important guidelines recently issued by the party Central Committee and in light of the local conditions. The purpose is to make ideological-political work contribute to the establishment of the new socialist commodity economic order and adapt to its needs.

We should actively summarize our experience in implementing a system of responsibility for the attainment of defined objectives in ideological-political work and popularize the summarized experience. In recent years, a number of counties and cities, and some of the units in our province, have made the goals of ideological-political work and the building of spiritual civilization their work objectives. The result is very good. We should actively summarize their experience, improve upon it, and popularize the result. Currently, departments at various levels should establish and perfect the rules and regulations concerning ideological-political work and establish and improve the necessary systems, such as the ideological analysis forum, investigation and study system, and ideological information feedback system, to carry out ideological-political work in a orderly, down-to-earth manner.

We should try hard to build a crack and highly informed contingent of both professional and sparetime ideological-political workers. Professional ideological-political workers are the backbone of the party's ideological front. We should fully recognize and respect their work and, at the same time, help them improve their ideological and professional standards. We should particularly guide them to study economics and their specialized disciplines, and encourage them to plunge themselves into the stream of reform and opening. We should try to enhance their political sensitivity and investigation and research ability, and the ability to tell right from wrong, so that they will be able to correctly understand the ideological pulse of the masses, the trends of public opinion, and all kinds of information and tendencies in the ideological field, and make timely suggestions for consideration by decisionmaking organs. This will truly enhance the relevancy and effectiveness of our ideological-political work.

Party and government leaders at all levels should earnestly support the political work departments by creating the conditions necessary for their work, showing concern for the study and everyday life of political work cadres, helping them solve practical problems, and affirming and commending their creative work methods. At the same time, it is necessary to mobilize the whole party and society to carry out ideological and political work

with a large contingent of political workers orientated to community needs. It is necessary to gradually transform grassroots political work into a part-time job. All party and government leaders must realize that administrators, technicians, school teachers, journalists, writers, artists, theorists, and popular science workers are, in a certain sense, part-time political workers. There are many merits to having professional people carry out ideological education in the light of reality in their own fields. This is an effective method which should be summarized and spread in all quarters. We should not underestimate the ability to carry out ideological and political work by popular self-study organizations which have emerged in the campaign to build spiritual civilization in various localities, such as readers' associations and lecturers' groups in enterprises, sparetime worker-theoreticians, societies for changing outdated customs and habits in rural areas, young people's societies for promoting new style, old people's associations, and hobby groups in schools. Party and government departments at all levels should energetically support and guide the work of such organizations so that they can grow to maturity in the course of practice.

It is necessary to attach importance to the theoretical study of ideological and political work and strive to carry it out in a more scientific manner. Ideological and political work, as a Marxist social science, has attracted growing attention. Societies for ideological and political work in factories, rural areas, and schools of higher learning in Fujian have achieved marked results in theoretical study; political work personnel in various localities and units have, in the course of practice, studied the characteristics and rules for carrying out ideological and political work under new circumstances. Currently, it is necessary to step up, on the basis of existing foundations, theoretical exploration and study of ideological and political work, and earnestly summarize its successful experiences so as to carry it out in a more systematic and scientific manner in the new period.

Navy, Air Force Joint Drill Launched in Shandong
SK0109044288 Jinan Shandong Provincial Service
in Mandarin 2200 GMT 31 Aug 88

[Text] A joint scout, patrol, and rescue drill by the Navy and Air Force, the largest of its kind on the North China Sea area, was held on Huang Hai near Qingdao's Dagong Dao at 1000 on 31 August. The drill was launched with a civil airplane crash simulation and a ship fire accident as the background.

Lin Zuyi, vice minister of communications, and Li Chunting, vice provincial governor, watched the drill.

Central-South

Guangzhou Secretary Inspects Flood Control Work *HK0209071788 Guangzhou Guangdong Provincial Service in Mandarin 1030 GMT 1 Sep 88*

[Text] This morning Secretary Lin Ruo of the provincial party committee went to Zhaoqing City to inspect flood prevention projects and work in combating flooding, noting what should be done in flood control and fighting against flooding.

At about 0900 today, Secretary Lin Ruo arrived at the city's three-preventions general headquarters to inspect its communications center, and then listened to reports on flood prevention and combating flooding. Afterward, Secretary Lin Ruo went to the (Jiangbin) and (Jinfu) embankments in Zhaoqing to see how people were fighting flooding.

During his inspection tour, Secretary Lin Ruo stressed: We should not lower our guard but should get fully prepared to meet more severe torrential flooding, and patrolling should be strengthened around lower embankments. Now we must dispatch experienced experts in water conservancy to thoroughly check all dikes before the flood peak comes. If problems are found, they should be resolved before the arrival of the flood peak so as to ensure the safety of people's lives and property. According to a report by the Gaoyao Hydrometric Station, at 1200 on 1 September the water level at the station reached 10.67 meters, and in the afternoon the water level was rising at 5 cm per hour.

Guangxi Cities, Counties Threatened by Floods *OW0109144788 Beijing XINHUA in English 1426 GMT 1 Sep 88*

[Text] Nanning, September 1 (XINHUA)—Cities and counties along the Xijiang River Valley in the western part of the Guangxi Zhuang Autonomous Region are being threatened as the water level of the Hongshui River continues to rise.

By 11 o'clock this morning the water level of the section of the Hongshui River in the Dahua Yao Autonomous County in the western region had risen to 191 meters, with the flow increasing to 20,000 cm per second, according to the Regional Flood Control Headquarters.

A spell of heavy rain in the western region has caused the worst flooding of the Hongshui and Liujang Rivers in South China since the founding of New China in 1949.

The two rivers flow into the Xijiang River, a major tributary of the Pearl River, which flows through Guangzhou.

The region's largest hydroelectric power station, with a total power generating capacity of 400,000 kilowatts, in Dahua County was forced to stop operating because of the floods and the regional power supply is being threatened.

An official of the Headquarters said the flood peak is moving eastwards and will join the Liujang River to pour into the Xijiang River.

He urged local governments and people living along the river valley to get ready to fight the floods.

Meanwhile, government officials have rushed to the endangered areas to organize evacuation of people, some 30,000 soldiers and militiamen are helping local people to fight the floods, and transport planes of the air force are being dispatched to help in rescue work.

Further on Flood Threat

*OW0109162888 Beijing XINHUA in English
1603 GMT 1 Sep 88*

[Text] Nanning, September 1 (XINHUA)—The Liujang and Hongshui Rivers' floods are continuing their way downstream to hit more counties and cities in Guangxi Zhuang Autonomous Region in south China.

After passing Liuzhou City yesterday, the flood peak on the Liujang River, with a water level of 63.8 meters, swept Wuxuan County seat and seven townships this afternoon.

Meanwhile, the peak on the Hongshui River flowed over Yantan and Dahua hydropower stations and flooded the county town of Laibin.

The first flood peak on the Xijiang River is expected to hit Wuzhou City tomorrow morning with its maximum water level rising to 23.5 meters.

This will pose a serious threat to the city which began to be flooded Tuesday afternoon. By 5:00 pm today, factories, shops, warehouses, schools and hospitals on 22 of the city's 82 streets had been flooded when the water level reached 22.3 meters, 7.3 meters above the warning level.

Now, more than 120,000 residents have been affected by the flood city government sources said.

They said that some 30,000 people are fighting the flood. So far, they have moved more than 30,000 tons of grain, equipment and other goods onto highlands and helped transfer 4,400 families to safe places.

Social order is normal in the city. Yet residents have to use boats instead of buses and bicycles to go around, the sources said.

XINHUA has learned that the Guizhou-Guangxi railway reopened to traffic at 8:00 pm today after a suspension of 76 hours and the Zhicheng-Liuzhou railway, the traffic of which has been suspended for more than 100 hours, is expected to reopen tomorrow.

First Hainan Party Congress Opens 1 September

Xu Shijie Addresses Congress

HK0209052388 Haikou Hainan Provincial Service
in Mandarin 1000 GMT 1 Sep 88

[Excerpts] The first Hainan provincial party congress opened in Haikou this morning. The 211 party-member delegates, elected from among the 250,000 party members in the province's 19 cities and counties, shoulder the task of leading the province's 6.1 million people of various nationalities to promote reforms and opening up and build Hainan into the country's largest special economic zone. [passage omitted]

Executive chairman Liang Xiang declared the congress open. [passage omitted] Xu Shijie, secretary of the provincial party work committee, delivered a report. Dong Fanyuan, a responsible person of the committee for preparing the establishment of the provincial discipline inspection commission, delivered a work report. [passage omitted]

In his report Xu Shijie laid stress on boldly developing the productive forces. In doing so, it is, first, essential to further emancipate the mind. We must realize that traditional conservative concepts gravely bind people hand and foot. The attitude of certain party-member cadres in handling affairs in a dilatory fashion and making no effort to forge ahead arouses the dissatisfaction of many investors. Hence, we must regard upholding the productive forces criterion, emancipating the mind, changing concepts, and bracing our spirits as the key to boldly developing the productive forces.

Second, in boldly developing the productive forces, we must institute still more open economic policies. Many of the special zone policies are being applied now not only in the special economic zones, but also in many coastal regions. The compulsions of this situation require that, while making good, flexible, and ample use of the existing policies, we must proceed from Hainan realities and institute still more open and flexible economic policies in light of the changed circumstances so as to give full scope to the policy strong point of a large special economic zone.

Third, in boldly developing the productive forces, we must devote still greater energy to economic and political structural reform. Our existing economic and political system has many defects that affect to varying degrees the development of the productive forces. The current main task in economic and political structural

reform is, centered on further improving the investment climate and establishing a market economy, to establish a new order of commodity economy in Hainan as soon as possible.

Fourth, in boldly developing the productive forces, we must step up the building of socialist spiritual civilization. [passage omitted]

Fifth, in boldly developing the productive forces, we must create an excellent social environment. A social environment of stability, unity, and [word indistinct] is a major guarantee for boldly developing the productive forces. At present, our social environment is not at all suitable for a special economic zone.

Sixth, in boldly developing the productive forces, we must step up party building. The general guiding idea for building the party in Hainan for the coming period is: 1) Step up party building; 2) The criterion for party building is that it must help to boldly develop the productive forces; 3) We must govern the party with strictness. [passage omitted]

Urges Leftist Thought Removal

OW0109183688 Beijing XINHUA in English
1504 GMT 1 Sep 88

[Text] Haikou, September 1 (XINHUA)—Leftist political thinking has no place in the development of Hainan Island into China's largest special economic zone, a local Chinese Communist Party leader says.

"All 'leftist' ideas should be removed resolutely," Xu Shijie, secretary of the party's provincial Work Committee said at the first provincial party congress here today.

Xu said the party's Central Committee has offered Hainan a number of special policies but those have not been carried out very well because of an inability or fear to use them in an effective or creative way.

He criticized some party officials for not having a pioneering spirit and for lacking enthusiasm.

"Their low work efficiency has aroused many complaints from foreign investors," he said.

Xu said old traditions that fetter production should be removed while methods favorable to the development of productive forces should be adopted whether they be Chinese or foreign.

"We should not only do well those things that are allowed by the party and government policies but we should also experiment with all things that are conducive to the development of the productive forces and are not prohibited by the policies," he said.

Unrealistic policies should be amended as soon as possible.

The party secretary said open cultural policies beneficial to building a new socialist culture in the island province should be encouraged.

Hainan should not be afraid to adopt effective practices and management styles from other countries.

He said cultural contamination should be eliminated but not all things foreign. What is not harmful should be allowed to stay and what is harmful should be resisted, he said.

Urges Learning From Hong Kong
OW0109183888 Beijing XINHUA in English
1417 GMT 1 Sep 88

[Text] Haikou, September 1 (XINHUA)—Hainan Province should adopt Hong Kong's economic policies and laws in line with its actual conditions, Hainan leader Xu Shijie said here today.

The island province should and can become a pilot zone in drawing on Hong Kong's experience, Xu, secretary of the provincial Work Committee of the Chinese Communist Party, told the opening session of the first Hainan provincial party congress.

He pledged to formulate and adopt more flexible open economic policies, with the emphasis on formulating specific policies to ensure the unhindered entrance and exit of foreigners, and the free import and export of hard currency and goods.

The key to this lies in setting up a second tariff zone in Hainan, China's largest special economic zone, where foreign investors enjoy tax cuts and other preferential terms.

Xu Shijie Warns Against Land Waste, Speculation
OW0209014888 Beijing XINHUA in English
0124 GMT 2 Sep 88

[Text] Haikou, September 2 (XINHUA)—China's largest special economic zone and newest province, Hainan Island, will continue with its policy of low-priced land, a party official said today.

But Xu Shijie, provincial party secretary, warned that any cases of land waste and land speculation would be dealt with seriously.

Xu was responding to suggestions by some officials that charging more for use of land would discourage speculators and help to earn more revenue for construction.

But Xu and others say that high-priced land would discourage investors.

Hainan To Auction Unprofitable Enterprises
OW0209073688 Beijing XINHUA in English
0605 GMT 2 Sep 88

[Text] Beijing, September 2 (XINHUA)—The Hainan Provincial Government will auction off smaller enterprises in the province, the overseas edition of the "PEOPLE'S DAILY" reported today.

Xin Yejiang, vice governor of the province, invited Chinese and foreign firms and individuals earlier this week to buy, rent, or contract Hainan's enterprises.

About 40 percent of factories in Hainan, which was recently made China's largest special economic zone, were run in the red in the first half of this year.

The smaller money-losing enterprises have been singled out to be auctioned off or leased out. Xin promised equal competition opportunities for all investors in Hainan. "Bid winners will enjoy full decision-making power over production and operation," he said.

Hubei Secretary on Union, Party Relationship
HK0209105288 Wuhan Hubei Provincial Service
in Mandarin 1130 GMT 1 Sep 88

[Excerpts] The Seventh Hubei Provincial Trade Union Congress solemnly opened in Wuchang today, calling on the working class of the province to develop the spirit of being masters of the country and bringing the role of being main force into full play so as to share difficulties, rejuvenate the great cause of the four modernizations and work hard for the rise of Hubei in Central China. [passage omitted]

Secretary Guan Guangfu of Provincial Party Committee delivered an important speech at the meeting. [passage omitted] He emphasized: Under the new situation, close attention must be given to promoting democratic management in enterprises and linking the system of factory director's responsibility to democratic management of enterprises. He also called on trade union organizations at all levels to adhere to the principle of emphasizing the central task of economic development and the two basic points, namely, adherence to the four cardinal principles and implementation of reform and the opening up policy, and reform themselves in earnest to become a real mass organization of the working class which maintains independence and keeps the initiative in its own hands, acts democratically and is trusted by workers and staff members. Comrade Guan Guangfu also pointed out: While safeguarding the overall interests of the entire people with economic construction as the key link, trade union organizations at all levels should fully reflect and safeguard the concrete interests of workers and staff members. This is the basic guiding ideology for reforming trade union organizations. We must seek unity of thinking on this issue, actively explore new ways, continuously sum up experiences and make unceasing progress. [passage omitted]

In conclusion, Guan Guangfu stressed party leadership over trade union organizations, noting that straightening out the relationship between the party and trade union organization is also an major aspect in reform of trade union organization. Party leadership over trade union organization should mainly reflect its political leadership, namely, its leadership over the political principles, political orientation and major policy decisions of trade union organizations. The party supports organizational independence of trade unions and does not monopolize and interfere in routine work of trade unions. In institutions and enterprises, trade unions are legal, independent mass organizations. [passage omitted]

Southwest Region

Sichuan Urges Economic Ties With Other Provinces
HK0209060588 Chengdu Sichuan Provincial Service in Mandarin 2200 GMT 1 Sep 88

[Text] To suit the new situation emerging after the implementation of the strategy for economic development in coastal areas and to develop the province's export-oriented economy, the provincial people's government recently issued a circular on further strengthening lateral economic ties between Sichuan and other provinces.

The essentials of the circular are: To make clearer the guiding ideology for expanding lateral economic ties between Sichuan and other provinces, all kinds of economic associations must be in line with the principle of economic and technical feasibility, conform to Sichuan's strategy and objectives of economic development, and benefit the province's exploitation of natural resources, technological advancement, and economic development. Meanwhile, in promoting such economic associations, the principles of developing strong points and eschewing weak points, adopting multiple forms, and voluntary participation and mutual benefit for common development must be adhered to. In order to promote transprovincial economic ties in an all-around way, it is necessary to consolidate and strengthen economic association and coordination with areas in central and western China, to pay more attention to strengthening lateral economic ties with developed coastal areas and to developing cooperation with the central ministries and commissions, departments directly under the central government, and large corporations on a nationwide scale, and to strengthen macroscopic guidance in transprovincial lateral economic ties. In the near future, it is necessary to attract foreign investment funds to develop basic industries and projects for basic facilities such as energy, communications, and raw and processed materials and to exploit mineral resources such as ferrous metals, nonferrous metals, and nonmetallic materials. On the basis of technological transformation in the existing industrial enterprises, advanced technology and equipment must be imported to promote extensive cooperation between Sichuan and other provinces, especially in the fields of machine-building industry, electronics

industry, metallurgical industry, chemical industry construction, building materials, food industry, silk and jute textile industry, and tourism. At present and for a certain period to come, such cooperation must be focused on producing famous-brand and high-quality products and export goods, and efforts must be made to promote cooperation between production of raw and processed materials and processing enterprises, between military industrial enterprises and civilian industrial enterprises, between technological research and production, between enterprises needing circulating funds and financial enterprises, and between large and medium-sized enterprises and township and town enterprises. To this end, it is necessary to establish export-oriented business conglomerates which include enterprises having decisionmaking power in export in the coastal open areas, to develop industry-trade, military industry-trade, trade-trade, technological research-industry-trade complexes, to encourage enterprises in the coastal areas and enterprises in Sichuan to cooperate in contracting projects and running leased enterprises, and to support Chinese and foreign enterprises in expanding production of import substitute goods with the help of the production capacity of our province's military and civilian industrial enterprises for machinery and electrical products.

The circular also points out: Efforts must be made to develop transprovincial technological cooperation, to encourage enterprises in our province to run enterprises in the coastal areas, to export labor services in various forms, to introduce foreign funds to develop production bases for major products, and to promote material supply cooperation on a larger scale.

North Region

Beijing Takes Measures To Stabilize Prices
OW0109215088 Beijing XINHUA Domestic Service in Chinese 1612 GMT 31 Aug 88

[By reporters Zhang Xuanguo and Qiu Yongsheng]

[Text] Beijing, 31 Aug (XINHUA)—At today's meeting of major leading cadres of all districts, counties, and bureaus in the Beijing Municipality, Li Ximing and Chen Xitong, secretary of the Beijing Municipal CPC Committee and mayor of Beijing Municipality, respectively, urged governments at all levels, all departments and units, and the vast number of cadres in Beijing to take the lead in enforcing the decision of the 20th executive meeting of the State Council and to handle sternly those who violate discipline.

To carry out the decision, the Beijing municipal authorities have announced that they will take various measures, the main points of which are:

No new measures will be taken in the coming 4 months of this year to readjust commodity prices and fee collection standards under the control of the Beijing Municipal Government. Commodity prices and fee collection

standards under the control of all districts, counties, and departments are also not allowed to be raised without authorization.

We must ensure that commodities with limited supply are not out of stock, and should take out everything in stock to meet market demand.

We should increase the production of agricultural and sideline products and ensure that purchasing, marketing, and storing of vegetables are properly carried out. The retail prices of last winter's cabbages are to be maintained at last year's level, and are not to be readjusted.

Industrial departments and all production-based enterprises should make all-out efforts to increase output of commodities in great demand. Plans to increase the production of all daily necessities are to be made out by departments and enterprises concerned in order to ensure that these products will not be out of stock in the market. Efforts should also be made to secure more raw materials for increasing the production of durable consumer products in short supply.

Administrative expenditures must be firmly curtailed. Public funds should be cut by 20 percent. Those who go beyond set targets are subject to economic penalties. Controlled commodities purchased without prior approval are to be confiscated for auction.

People's banks, all banks catering to specific trades, and other financial institutes should tighten cash control, curb credit loan volume, and not put unnecessary cash in circulation in order to ensure that this year's plan to withdraw currency from circulation will be fulfilled.

Driving up prices, hoarding and speculation, profiteering, and middleman's exploitation must be decisively cracked down upon. Lawless elements who spread rumors to confuse the people and disturb public and market order should be sternly handled according to the public security and punishment regulations.

Major leading cadres of the people's governments at all levels and all departments concerned should personally take responsibility in this matter and strengthen their leadership over market and price control in areas of their responsibility.

More Women Officials, Entrepreneurs in Beijing
OW0109091988 Beijing XINHUA in English
0638 GMT 1 Sep 88

[Text] Beijing, September 1 (XINHUA)—There are more women entrepreneurs and more women in local government jobs in Beijing, according to a report in today's "BEIJING DAILY".

According to the paper, 242,000 women have taken leading posts in municipal authorities or sub-municipal governments. Among them are Vice-Mayors Wu Yi and

He Luli, who were elected by the municipal people's congress earlier this year. About one-quarter of the deputies to the congress are women.

The report attributed this to equal opportunities of competition for men and women and efforts made by local governments to improve women's professional competency. "Reform provides an opportunity for women to show their wisdom and ability," the newspaper said.

In another report the newspaper quoted a survey carried out in 15 districts and counties of Beijing as showing that 752 women are directors or managers of enterprises run by the municipal government, district or county governments. About 85 percent of them are middle-aged or young women and many were chosen by election rather than appointment.

Nei Monggol's Wang Qun at Cultural Fair
SK0209050088 Hohhot NEIMENGGU RIBAO
in Chinese 23 Aug 88 p 1

[Excerpt] The literary and art performances of the first Hohhot nationalities cultural fair were highly praised by the masses. Over the past 3 days, nearly 20,000 viewers went to the Neimenggu Gymnasium, Wulanqiate, and the People's Theater to watch acrobatic performances, Shanxi dramas, song and dance performances, and fashion shows.

On the evening of 21 August, Wang Qun, secretary of the Inner Mongolia Regional party committee, watched a colorful performance presented by the Wuhan City acrobatics troupe at the Neimenggu Gymnasium, and visited all members of the acrobatics troupe. The Wuhan City acrobatics troupe's special trip to Hohhot City has added gaiety to the first nationalities cultural fair. [passage omitted]

Northeast Region

Heilongjiang Secretary on Honesty of Officials
SK0109112088 Harbin Heilongjiang Provincial
Service in Mandarin 0900 GMT 31 Aug 88

[Text] On the evening of 30 August, Sun Weiben, secretary of the provincial party committee, heard the reports given by (Liu Shaopeng), secretary of the work committee under the organs attached to the Heilongjiang Provincial CPC Committee, and by (Xie Guoqing), secretary of the work committee under the organs attached to the Heilongjiang Provincial People's Government, with regard to the principle of being honest in performing official duties, which had been implemented by the personnel of these organs.

After hearing the reports, Comrade Sun Weiben delivered a speech in which he pointed out that the principle of being honest in performing official duties represents a coordinated measure in conducting reforms in both economic and political systems and has a vital bearing on whether the people offer support or opposition and whether we can succeed in conducting reform in commodity prices and wages. He urged the party committee and the supervision departments at all levels to regard the implementation of this principle as a big event and to earnestly carry out this principle.

Xie Yong, member of the provincial party standing committee and secretary of the provincial discipline inspection commission, presided over the report meeting. Also attending the report meeting were Ma Guoliang, member of the provincial party standing committee and secretary general of the provincial party committee; Jing Shaozhen and (Sun Lianqi), deputy secretaries of the provincial Discipline Inspection Commission; and responsible persons from the departments concerned.

In his speech Comrade Sun Weiben stated: The main trend of being honest in performing official duties among the provincial level organs is good and most cadres have been honest. However, there are still a few people who have not been honest in performing their official duties and some of them have even committed serious mistakes. Therefore, we should not only unswervingly launch the drive to conduct reform and to open to the outside world but also unswervingly wage the campaign of being honest in performing official duties and preventing corruption.

After citing the problem of not being honest in performing official duties, which has cropped up among the provincial level organs, Comrade Sun Weiben stated: In dealing with this problem in the future, we should stress the key point and truly do practical work in a down-to-earth manner. Before the end of 1988, we should earnestly carry out education on being honest in performing official duties among party and government organs. Some regulations on encouraging personnel to be honest in performing official duties, which will be issued by the provincial party committee, are aimed at increasing the transparency of official work and enforcing democratic supervision. Efforts should be made to emphatically deal with the problems in which party and government organs have joined in business, run enterprises, extorted money through the abuse of power, received gifts and bribes, and indulged in extravagance and waste through extravagant drinking and eating. We should earnestly investigate and handle cases violating discipline. We should enforce the responsibility system among leading personnel in dealing with major or serious cases which, no matter who may be involved, should be handled to a conclusion. By no means should we tolerate evil or abet it.

In his speech Comrade Sun Weiben stated: The provincial level organs should set examples in being honest in performing official duties and their leading comrades should exemplarily implement this principle. Members in the leading body of the provincial party committee have agreed on a six-point regulation and pledged to set examples in not engaging in business, not operating enterprises, and not accepting concurrent and honorary posts. They are willing to set examples in not receiving gifts, not seeking illegal income, and not accepting invitations; and in going to grassroots level units to conduct their work by simplifying their travel expenses, educating well their children and subordinate personnel, strictly dealing with serious cases in a timely manner, accepting the supervision of the party organization and party members, and establishing an open system to enhance supervision.

In his speech Comrade Sun Weiben stated: To implement the principle of being honest in performing official duties, it is imperative to enforce the systems of inner party supervision, the people's democratic supervision, and public opinion supervision. Efforts should be made to bring the role of the discipline inspection commission and the supervision department into full play and to openly handle cases of symbolic importance.

Liaoning's Quan Shuren Inspects Chaoyang City
SK0109003688 Shenyang LIAONING RIBAO
in Chinese 19 Aug 88 p 1

[Text] From 12 to 16 August, Quan Shuren, secretary of the provincial party committee, inspected Chaoyang City's rural economic work. He pointed out: The current situation of Chaoyang as well as the whole province is good. The "eastern, western, and northern parts of Liaoning" now have a clear orientation and effective policies. These areas have great potential for economic development and favorable conditions for opening Liaodong Peninsula to the outside world. Their current central task is to solve the problem of how to accelerate the rate of economic development. This requires us not to lose any opportunities but to do pioneering work in a down-to-earth manner.

First, we must foster an idea of accelerating the development rate. It is necessary to mobilize and educate the broad masses of cadres and the masses to further emancipate their minds and to raise their awareness of the commodity economy and opening up. Areas in the "three parts of Liaoning," such as Chaoyang whose economic development is quite slow, must overcome the idea of self-sufficiency of the small-scale peasant economy, proceed from reality, display their superiority, and change the traditional agriculture to commodity and diversified economies. We must popularize and foster a number of models such as Li Zhongxiang, secretary of the party branch of Zhangyingzi Village in Shenjing Township of Jianping County, who worked hard to develop commodity production, to shake off poverty, and to become rich.

Second, we must gradually and steadily develop agricultural production in an effort to achieve a benign cycle. The crucial points of the "three parts of Liaoning" are that their ecology is imbalanced, and that their traditional agricultural farming is marked by wild planting and poor harvest. We must study ways to achieve a benign cycle in agriculture, foster an idea of the large-scale agriculture, such as properly handling the relations of planting grass and trees, developing animal husbandry, and stabilizing agriculture, solve the problems of ecological balance, and enable the rural economy to improve steadily. We must also readjust the variety of crops, display the superiority of wheat, cotton, oil-bearing crops, and tobacco, develop farming on a fairly large scale by adopting scientific methods, and gradually follow the path of intensive farming.

Third, since Chaoyang has rich mining resources, we must focus our work on developing mining resources in an effort to boost the development of township and town industries. This is the quickest way to shake off poverty and to become rich. In developing mining resources, we must pay attention to intensive and precision processing industries and must not just import raw materials from other localities.

Fourth, we must rely on science and technology to accelerate the rate of development and construction. Practice shows that those who pay attention to science and technology will achieve a rapid development. To develop science and technology, we must have a strategic ideology, spare no efforts to invest, and grasp the "three parts of Liaoning" in particular.

Fifth, we cannot develop the "three parts of Liaoning" without opening Liaodong Peninsula to the outside world. Liaodong Peninsula's opening up will enable the "three parts of Liaoning" to develop large markets, to absorb lots of funds, trained personnel, equipment, technology, and managerial skills, to expand economic strength, and to accelerate agricultural development that helps to create foreign exchange. The "three parts of Liaoning" should serve Liaodong Peninsula's opening up. These three areas must extensively establish close ties with large cities, enterprises, scientific research institutes, and colleges and universities, import technology, bring in trained personnel, and invigorate their own economy. This is a successful way to save money and to achieve rapid development.

Sixth, exporting labor services is an industry which the "three parts of Liaoning" must vigorously develop. Having a great amount of manpower is also a superiority. We should export labor services to Liaodong Peninsula and foreign countries, because this will enable the people to earn money and to emancipate their minds, and will help us train all kinds of specialized personnel.

Comrade Quan Shuren stressed at the end of his speech: The "three parts of Liaoning" as well as the Liaodong Peninsula open zone must conscientiously study and

discuss policies. It is necessary to conscientiously study and implement the state, provincial, and local policies and guide cadres at all levels to make sufficient, good, and flexible use of these policies. As long as cadres throughout the province work with one heart and one mind, exert joint efforts, and struggle hard, a new leap will surely emerge in economic development.

Northwest Region

XINHUA Views Religious Policies in Ningxia

Part One

OW0109131888 Beijing XINHUA in English
0806 GMT 1 Sep 88

[China's Religions Policies Change"—XINHUA headline; preceded by following XINHUA editor's note: "This is the first of a series of three stories on China's religious policies as seen from Ningxia Hui Autonomous Region, which will be celebrating its 30th founding anniversary this month."]

[Text] Yinchuan, September 1 (by XINHUA correspondent Wu Yunle)—China has changed its religious policies—Ningxia, where people of the Islamic Hui nationality exercise self-government, has brought to light what these changes are and mean to the country. "Socialist Society Should Diversify" [subhead]

In an interview with XINHUA, a local social scientist had this to say: "Socialist society should diversify as there exists good soil for religions to survive."

"Marxism-Leninism-Mao Zedong Thought is the guiding ideology for socialist China, but that does not mean repudiation of other philosophies," said Yang Huaizhong, president of the Nationalities and Religions Institute of the Ningxia Academy of Social Sciences.

What Yang said reflects the official approach to religions. Said one senior official: "In handling religious affairs, we now follow the principle of 'seeking the common ground while reserving differences even on some major issues'."

"Common ground" refers to the common desire of all the Chinese people to modernize China, and "differences" means different beliefs. "Believers can help build China while upholding their religion," said Yang Yaohang, deputy director of the Regional Religious Affairs Bureau.

Gone is the slogan "The Question of Religion Is a Question of Class Struggle", which was responsible for the persecution of imams, the dismantling of mosques and banning of religious activities during the chaotic "Cultural Revolution" (1966-1976), he said.

Mass Character of Islam Recognized [subhead]

The majority of the 1.4 million Huis in Ningxia—one third of the region's total population—are Moslems. Non-believers are mostly Communist Party and Youth League members who are obliged to uphold Marxism by the party Constitution.

"We recognize the mass character of Islam, and only by doing so can we unite with the Hui people in building a new Ningxia," said Deputy Bureau Director Yang.

Shortly after the Third Plenum of the 11th Party Central Committee in December 1978, work began to redress the injustices inflicted upon Muslims—including over 1,000 imams—when ultra-leftism held sway.

Going hand in hand with work in this regard was the rebuilding of mosques, which now number 2,200, averaging one in each village or one for every 1,000 Muslims.

Party and Youth League members among the Huis are asked to respect religious activities and allowed to take part to keep their ties with the masses. "But they are forbidden to preach atheism and communism in mosques," Yang said.

The "Golden Age" [subhead]

Islam is no longer regarded as a "spiritual opium" or as a synonym for "ignorance" or "superstition", but as a kind of ethics able to help promote the society's economic and moral development.

The classic scriptures of Islam are being studied. With the aid of Saudi Arabia, an Institute of Islamic Theology and an Arabic-language school to train imams and Arabic teachers have been built. The region is also planning a major Islamic Culture Center.

"Implementation of the new religious policy has restored the dignity of the Hui nationality and compensated for the injustices done to us Huis," said Mu Yilan, chairman of the region's Islamic Association.

Mu described today's Ningxia as in a "golden age". He said, "Never has the situation been so stable and our people's unity with the majority Hans so tight as now."

"This is the time of true religious freedom, and this is the time when Islam—which always teaches people to do good things—can contribute to the country's development," Mu said.

Part Two

OW0209082488 Beijing XINHUA in English
0615 GMT 2 Sep 88

["Islam Plays Positive Role"—XINHUA headline]

[Text] Yinchuan, September 2 (by XINHUA Correspondent Wu Yunle)—So long as the government follows correct religious policies, religious leaders and believers can do a lot for China.

This view is shared by officials, scholars and the Hui (Chinese Moslems) in the Ningxia Hui Autonomous Region, which is now celebrating its 30th founding anniversary.

Ningxia has 1.4 million Hui, accounting for one third of the total population. Almost all of them believe in Islam.

Stress on the Real World [subhead]

In the opinion of Mu Yilan, chairman of the region's Islamic Association, the most important role Islam can play is to get the Hui to work for the country's modernization, the most important task for the Chinese people of all nationalities.

Most religions advocate an outlook of two worlds—the world of the living and the world after death—and teach believers to always do good things in the world of the living for their own good in the world after death.

But Islam is somewhat different—it puts the stress on the real world. "That's why in their preaching imams teach people to get rich to contribute to the country's prosperity," said Mu.

They quote the Koran to prove that money earned through lawful channels is good. "This aims to get people involved in developing a market-oriented economy, which is being encouraged as something essential to China's modernization," Mu added.

In response, Hui communities in growing numbers are engaging in business. One example is Tongxin County, a major wool, timber and edible mosses market in China's northwest, where 90 percent of the pedlars are Hui.

While touring the area, we noticed that at least half of the pedlars are women. According to officials, women travelling to Guangzhou or Shenzhen on business are not exceptional, and few nowadays ask their husbands for permission to leave their homes as in the past.

Islam a "Code of Conduct" [subhead]

Islam is not just a religion, it is also a code of conduct which corresponds to the basic requirements for all citizens—this is the opinion of Associate Professor Yang Huaizhong, a local scientist specializing in Islamic studies.

"It instructs believers to be ready to help the poor, and not to steal, gamble or practise fraud, and this helps promote people's moral standards," he told XINHUA.

Yang's view was shared by local public security officials. In areas with large Hui communities, they noted, reported cases of alcoholism, gambling and other offenses are few.

Many imams are taking a direct part in helping ensure what is called "social stability and unity" in the current Chinese terminology. In Jijia Township, Tongxin County, 42 imams have been invited to use their influence to mediate civil disputes.

Family Planning [subhead]

Imams interviewed by XINHUA said that the Koran instructs believers to help the state when it is in difficulty. "As imams, we are obliged to follow this instruction," one said.

When the government called for family planning, imams found appropriate scriptural sanction and asked the Hui to act upon it.

In Tongxin, 113 imams got their families, relatives and children to take the lead in using contraceptives, and more than 15,500 women of child-bearing age later followed suit.

The region's education funds are far from being sufficient. To help overcome the problem, imams in the six counties in poor mountainous areas have set up education promotion committees.

One of the best known in this regard is Imam Hong Weizong, who donated 40,000 yuan to build China's first girls' school for the Hui.

When Religious Rules Run Counter to State Laws [subhead]

The state law overrules religious stipulations, and when the religion contradicts the state law, the former will submit to the latter.

Now all imams check marriage certificates issued by the government before they marry couples, and refuse those without.

This aims to prevent unlawful marriages, especially marriages for people below the legally marriageable age—20 for men and 18 for women of Hui nationality in Ningxia, as against 22 for men and 20 for women of the majority Han.

Shaanxi Windbreaks Stops Desert Encroachment

OW0209020288 Beijing XINHUA in English
0132 GMT 2 Sep 88

[Text] Xian, September 2 (XINHUA)—Yulin Prefecture in Northwest China's Shaanxi Province has successfully stopped the encroachment of the adjoining Mu Us Desert in the Inner Mongolia Autonomous Region.

Local residents have built a network of tree windbreaks stretching about 1,000 kilometers along the ancient "Great Wall" and turned 1 million hectares of arid land into grassland.

This has greatly improved local farming and livestock-raising conditions.

According to a prefectural official, the local farmers and herdsmen now raise 2.2 million sheep, about 1 million more than in 1985, and over 1 million head of other types of livestock on the grassland which now occupies 70 percent of the prefectural territory.

"I raise 43 fine-wool sheep and gain a net income of over 3,000 yuan annually," farmer Wan Guangming said. The 600,000 sheep raised in the prefecture make 28 million yuan a year for local farmers.

"Now a fine-breed sheep is more valuable than a donkey," said Zhang Ruixue of the prefectural bureau in charge of animal husbandry.

Also because of the windbreaks, the farmers in the prefecture have been able to turn over 10,000 hectares of desert into apple orchards.

"Previously, people asserted that the local weather was not suitable for the growth of fruit trees, but the windbreaks have fended off the desert and wind, and helped create higher temperatures in winter to help the trees grow," he said.

"We don't have to sweat in the fields nowadays," said a villager. "Now we just plant trees and grass seeds, and raise animals on the desert-turned-grassland."

He said that the local government allows those working to stem the desert to keep whatever they grow on it.

"We battle the desert not just to get bonuses from the government but to feel we can create something out of the arid land," the farmer said.

Oil Drilling Footage Increases in Xinjiang

OW0209100988 Beijing XINHUA in English
0600 GMT 2 Sep 88

[Text] Urumqi, September 2 (XINHUA)—Oil drilling footage in western China's Xinjiang Uygur Autonomous Region this year has already equalled the total for all of last year.

Each day the 59 drilling teams at work drill an average of 2,000 meters seeking out and tapping new oil sources, an official of the Xinjiang Petroleum Administration said.

So far this year a workforce of 20,000 has drilled 70 new wells that have greatly increased oil production.

The official said 36 teams have been active in the Junggar Basin where a new oilfield has been established producing seven million bbls of oil a year.

New wells have also been developed in the Karamay oilfield, one of the country's oldest.

In the past decade Xinjiang Petroleum Administration has imported advanced equipment and technology from 13 countries, the official said.

Report on Southern Xinjiang Military Commander
WA40050446 Urumqi XINJIANG RIBAO
in Chinese 18 Jul 88 pp 1, 3

[Excerpts] During these 6 months as commander of the Southern Xinjiang Military District, going into the Karakorum five times, Duan Changjin [3008 7022 6855] has shown a military work style and spirit of doing things for the people which has stimulated our interest in interviewing him. In early June we visited him in the Southern Xinjiang Military District just after he returned from the border. [passage omitted]

Commander Duan is a veteran soldier who did border defense work in southern Xinjiang from 1949 to 1983, was then transferred to the Eastern Xinjiang Military District, and came to his current position at the end of last year. [passage omitted] In mid-May of this year, he ventured deep into the Ngari Plateau to observe war preparedness work, military training, and the construction of fortifications. [passage omitted]

He has made reports to party and government bodies in the Kashi [Kashgar], Hotan, Kizilsu Kirgiz Autonomous Prefecture, and Ngari areas and has asked for their support in border defense construction. Making use of the military district's hospital and medical personnel, as well as scarce funds, he has also helped the local populace gain an understanding of basic hygiene. [passage omitted]

XINHUA Official on Unification Talks
HK0109085788 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0335 GMT 30 Aug 88

[Report: "Responsible Person of the Hong Kong Branch of XINHUA Clarifies Some Facts Regarding the Talk by Hsiung Chieh"]

[Text] Hong Kong, 30 August (ZHONGGUO TONGXUN SHE)—The head of the Hong Kong Branch of XINHUA NEWS AGENCY gave an interview to Taiwan's CHINA TIMES Hong Kong based special correspondent Jiang Suhui on 29 August about the talk given by American Chinese scholar Hsiung Chieh when he was in Taiwan.

The person-in-charge said: The comments made by Mr Hsiung Chieh when he was in Taiwan concerning the problems of unification has caused much concern and in light of this, we have had some inquiries and now have knowledge of it. Now you ask about it, I can responsibly inform you that:

Mr Hsiung Chieh's eager concern over the peaceful unification of the country is understandable, but the remarks he made are a little exaggerated.

There is no change whatsoever in our Taiwan policy.

The sayings about "coalition government;" "Double five constitution for returning to the country;" allowing Taiwan's "representatives to the National Assembly" to go back to Mainland China for re-election; and preferences for Taiwan's people of Mainland origin in matters of trade and investment are purely his personal opinion.

When Mr Hsiung Chieh was in Beijing, Deng Xiaoping was on vacation in Beidaihe. It is known that Mr Hsiung Chieh did not go to Beidaihe.

Mr Yang Shangkun did see Hsiung Chieh in Beijing.

As for the rumor about Beijing entrusting Hsiung Chieh to communicate messages, that has already been denied by Mr Hsiung Chieh himself.

Hainan Fishermen Rescue Taiwanese Fishermen
OW2908214088 Beijing XINHUA in English
1356 GMT 29 Aug 88

[Text] Haikou, August 29 (XINHUA)—Fishermen from south China's Hainan Island have rescued nine Taiwanese fishermen who drifted at sea for three days after the engine of their boat quit.

The Taiwan fishing boat "Heyi No. 6" Was in the territorial waters of Nansha when the engine failed early on August 21. It sent out an SOS signal.

Fishermen from the province's Wenchang and Qionghai counties heard the distress and found the boat on August 23.

On August 26 the Taiwanese were taken to Sanya City in southern Hainan Island where they were receiving medical treatment.

Taiwan's Investment in Beijing Viewed
HK0109134888 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 34, 22 Aug 88 pp 9, 10

[Article by Wang Wei (3769 5588: "Over U.S. \$100 Million Invested in Beijing by Taiwan Businessmen")]

[Text] At present, two factories with investments from Taiwan businessmen are established in Beijing, and another eight are in construction. The total investment in these 10 factories is \$160 million, of which \$110 million is Taiwanese. Apart from these, some 20 other factories with investments from Taiwan businessmen are under negotiation.

Beijing's New Arrangements [subhead]

In accordance with the stipulations promulgated by the State Council on encouraging Taiwan investment, Beijing recently made further arrangements:

—The law governing Taiwan investment has been amended. It is now stipulated that there is no limitation on the period of joint venture, and the post of director of the board of a joint venture company can be taken up by the Taiwan partner.

—The plan for carrying out real estate business is being studied. The Beijing Municipal Foreign Economic Relations and Trade Commission, the Land Administration Bureau, the Planning Bureau, and the Housing Management Bureau are holding consultations. Plans are being made to find an area in Beijing for Taiwan businessmen to develop the real estate industry. At present, the plan is being discussed.

—It is provisionally decided to develop the Zhangjiawan small industrial zone, which has an area of 3 square km, in Tongxian County. About 1.5 square km of this zone is mainly for Taiwan investment. In order to change the disadvantageous situation formed in the past long years that there are numerous departments, the procedures are detailed and complicated, efficiency in handling affairs is low, and the decision-making process is long, a comprehensive general office building will be built there. It is hoped that when the functional departments concerned of the Foreign Economic Relations and Trade Commission, the Administration for Industry and Commerce, the customs office, the tax office, the administration of import and export commodities inspection, the Bank of China, and others can handle affairs on the spot, a series of practical problems will be solved. At the same time, a transshipment container terminal will be built, so that

the goods departing from ports such as Tianjin can be directly transported to the transshipment terminal through railways and highways, and then be transported to various enterprises.

The main reasons for choosing Tongxian as the small industrial zone are: Tongxian is easy to reach; It is linked up by railways and highways; and it will only take half an hour from Tongxian to the Capital Airport. Besides, Tongxian is close to urban area, and it has advanced electricity supply and communication systems, and a substantial level of an industrial foundation. At present, the study on the feasibility of the development of the small industrial zone is being carried out.

The Efficiency in Handling Affairs Is To Be Raised [subhead]

When the State Council stipulations were announced, Beijing accelerated the speed in handling issues concerning Taiwan investment, and raised the efficiency in handling affairs. For instance: After reading the 22 Articles promulgated by the State Council, Mr Chiang, a vice managing director of a Taiwan financed enterprise at the Zhaoyang district, immediately requested that he wanted to be the director of the board of the enterprise, and wanted to change the original joint venture period of 18 years into an indefinite one. The reason being that he has a higher proportion of the investment. When the Beijing Municipal Foreign Economic Relations and Trade Commission received the amended contract, and the supplementary agreement on the clauses of the contract signed between the Zhaoyang Foreign Economic Relations and Trade Commission and the Taiwan investor, it took the Municipal Commission only 3 days to approve the requests of the Taiwan businessman. When Mr. Chiang received the reply, he said happily that: "I did not expect that your efficiency in handling affairs to be so high."

Consultation Services Are Being Provided for Taiwan Compatriots' Investment [subhead]

Various circles in Beijing pay much attention and provided consultation services to Taiwan compatriots' trade with and investment in Beijing. At present, the Beijing Municipal CPPCC and other units have already served as middle man in 28 projects with investments from Taiwan businessmen, and the agreements of 7 of them have been signed.

The Beijing municipal committee of the Revolutionary Committee of the Chinese Kuomintang serves on its own initiative as middle man for the Taiwan businessmen who are going to invest on the mainland, the motherland, and helps them to find a better investment environment and partners. For instance, the newly established Yanming Plastic Joint Stock Company is jointly invested by the Miyun County Machinery Part Factory and old Mr. Wang, a Taiwan compatriot. This company employed Mr Guang Chengde, a Taiwan compatriot

who returned to the mainland at the end of 1986 and now a member of the Beijing municipal committee of the Revolutionary Committee of the Chinese Kuomintang, as general manager. Mr Guang has 18 years experience in running the plastics business in Taiwan, and he is an expert in this field. The main scope of business of this company is the production of large scale air-filled plastic toys, such as: lifeboats, airbeds, waterbeds, and so on. Mr Guang estimated that an annual amount of \$1.5 million to \$2 million worth's foreign exchange could be earned by this company.

An enterprise specially for providing consultation services to Taiwan compatriots who want to trade with and invest in Beijing was established in Beijing—Taiwan Compatriots Investment and Trade Consultation Service Company, Beijing. The office is in the Beijing Hademen Hotel. The aim of this company is to provide supplementary services to, and to serve as middle man for, Taiwan compatriots who are going to invest in Beijing. This company's scope of business includes: It will provide consultation services, in accordance with the principle of mutual benefit, to Taiwan compatriots who want to invest and set up factories in Beijing, to trade with Beijing, and to export the products of Beijing. It can be entrusted by Taiwan compatriots to assist them or cooperate with them in establishing related economic entities, in organizing scientific and technological, and cultural exchanges, and in undertaking related affairs. This company has established horizontal ties with the foreign economic relations and trade units of various Beijing districts, counties, and bureaus. At present, it has 1,500 projects for Taiwan compatriots to choose. This company will try its best to improve the investment environment, to smooth trade channels, and to find partners for Taiwan compatriots.

Economist on Investment

HK0209100388 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 34, 22 Aug 88 p 7

[Article by Wang Peiyu (3769 0160 3768): "Economist Jing Suping Discusses Taiwan Compatriots' Investment on the Mainland"]

[Text] "At present, Taiwan's economic development is facing the problem of readjusting the industrial structure," said Jing Suping, a vice chairman of the board of directors of the China International Trust and Investment Corporation. He also said that: "On the one hand Taiwan has to find a use for its some \$70-billion-worth of foreign exchange reserve; and on another hand, due to the increase in the per capita income of the inhabitants on the island, the cost of its products has increased, and it has thus lost the strong investment position it originally had."

Taiwan Lost Its Strong Investment Position; Corresponding Measures Are Adopted [subhead]

Mr. Jing Suping started in industry and commerce in Shanghai during his early years, and is proficient in investment businesses. In the interview with this

reporter, he analyzed and said: In facing the gradual loss in its strong investment position, the Taiwan authorities are considering and have adopted corresponding measures. Presenting them in terms of an analogy, the aim of these measures is to fly with two wings—one wing is to use high technologies to promote the upgrading of the industrial structure; and the other wing is to maintain the original strong position of its labor-intensive products in the international market. Only in this way can Taiwan's economy continue to grow.

Jing Suping continued to say: In order to maintain the original position of its labor-intensive products in the international market, Taiwan will of course transfer its capital, and will develop the markets of Third World countries and areas, which are developing labor-intensive industries. The mainland is the market that Taiwan firms will consider first. Jing Suping said: "It is very natural, since the two sides of the strait share the same language and culture. In addition, the opening up of the mainland coastal area has attracted foreign capital, and capital from Taiwan, Hong Kong, Macao, and overseas Chinese; and the mainland's labor cost and production cost is low. It is profitable for them to invest on the mainland."

The Mainland Is an Ideal Place for Taiwan Businessmen To Invest [subhead]

Jing Suping said: "Of course, Taiwan firms will compare the strong and weak points of the mainland's investment environment with that of other Southeast Asian countries and areas." He emphasized that: "Under these conditions, the improvement of the mainland's investment environment will become a very acute problem. The mainland has to continuously improve its investment environment so as to enable Taiwan investors to maintain the international market they have. This is the precondition for cooperation between the two sides of the strait."

Jing Suping said that some people on the mainland have misunderstood the measures carried out by the mainland to attract Taiwan capital. These people believe that Taiwan and the mainland are one country, and "Taiwan capital" should not be regarded as "foreign capital." Some Taiwan firms also believe that when they invest on the mainland, Taiwan investors should be given more favorable conditions than "foreign investors." Jing Suping has his own viewpoints on this question. He said: "The mainland welcomes Taiwan compatriots investment on the mainland. However, the currencies Taiwan compatriots currently use in their investment on the mainland are currencies that can be freely exchanged on the international market. For the mainland, the currencies that can be exchanged are of course 'foreign capital.' Therefore, the use of the conditions for attracting foreign capital in handling 'Taiwan capital' is a correct method."

To Attract Taiwan Capital, the Investment Environment Should Be Improved [subhead]

Jing Suping believes that appropriate favorable terms can be offered to Taiwan investors to attract "Taiwan capital." However, it is not necessary to offer special favorable conditions to them. The most important point is to continuously improve the investment environment. In this way, it is possible that the first one to invest on the mainland will be Taiwan.

When the interview reached this point, Jing Suping analyzed the present investment environment of the mainland, and the current situation of joint ventures, and wholly foreign-owned enterprises on the mainland. He said: "Whether the investment environment of the mainland can allow the three kinds of enterprises that are partially or wholly foreign-owned to produce products with competitive capability on the international market or not is the first important condition for us to attract foreign capital. However, in practical work, people often put this question in a secondary position, and will first consider the question of foreign exchange balance. However, in this aspect, the Taiwan's situation is different."

Jing Suping further analyzed and said: "A very important reason why 'foreign capital' is being attracted by Mainland China is the mainland market. Taiwan also has its demand in this area. However, there are two more reasons for Taiwan to invest on the mainland. One is the low-priced labor force of the mainland, and the other one is the low land-use fees and other favorable taxation treatments offered by the mainland. These conditions are advantageous for Taiwan's wish to continue to occupy its original share of the international market. Taiwan's economy is an 'export-oriented economy.' When it invests and sets up factories on the mainland, the nature of being an 'export-oriented economy' will not be changed. Therefore, when Taiwan compatriots invest and establish factories on the mainland, their foreign exchange balance problem will not be very acute. On the other hand, this is a very advantageous situation for the mainland."

Economic Exchanges Between the Two Sides of the Strait Can Promote Both Sides' Prosperity [subhead]

Viewing the trend of the exchanges between Taiwan and the mainland over recent years, it is not difficult for us to see that the demand for the "three communication's" between the two sides of the strait, in particular the demand for trade, is very strong. However, many people of the political and economic circles on the Taiwan island have a reserved and doubting attitude toward conducting direct trade with the mainland. They worry that once Taiwan trades with the mainland, Taiwan's economic life-lines would be controlled by the mainland, and then political questions would be affected. On this question, Jing Suping believes that the purpose of the mainland's implementation of reform and the policy of

opening up, drawing experience from the economic model of an "export-oriented economy," and developing the economy of the coastal areas is not to replace Taiwan, but is to unite with Taiwan, and to develop with it. Taiwan can make use of the low-priced labor force, the low land-use fees, and the low-priced raw materials of the mainland, and the mainland can make use of the sales network, capital, and technology Taiwan firms have.

When the "State Council Regulations on Encouraging Taiwan Compatriots' Investment" was promulgated, many Taiwan firms said that they welcome these regulations, but they in general have some doubts about these regulations.

To Shorten the Time Required in Evaluating and Approving Projects Is Advantageous To Attracting Taiwan Investment [subhead]

On this situation, Jing Suping said that at present the time required to evaluating and approve the projects Taiwan firms invest in is 45 days, half the time required to evaluate and approve foreign investors' projects. This arrangement indicates that the mainland pays close attention to Taiwan compatriots' investment on the mainland.

Investing is a very complicated system. Jing Suping believes that if Taiwan firms have chosen projects for themselves, and have made sufficient preparations in advance, 45 days are enough. Of course, the mainland hopes that the Taiwan compatriots can make even better preparations before they come to invest and build factories on the mainland. Both the Taiwan investors and the mainland bodies should have a pretty clear idea of their interests, and should understand their own strong points, and the strong points of the other side. Jing Suping said: "If the strong points of both parties could be combined, successes would be achieved."

Jing Suping said that these "regulations" promulgated by the State Council are rather comprehensive. The fundamental spirit of these "22 Articles" is the same as the "22 Articles" promulgated 2 years ago to encourage foreign investment. However, the recent "regulations" have "taken into consideration" the special nature of "Taiwan investment."

No Limitation on the Investment Period Is Set and It Is Advantageous to the Cooperation Between the Two Sides [subhead]

"For instance, the clause governing the investment period is more lenient than that offered to foreign investors," said Jing Suping. He said: "The regulations have not set any limit on the investment period, it is a very advantageous condition for Taiwan capital. Whether a contract is subject to a limited period or not will affect the management strategies of an enterprise. A contract with a limited period will cause an enterprise to

have short-term behavior." Jing Suping gave an analogy: "This is similar to the situation where a date for divorce is set for a young couple before they hold any official wedding ceremony, their future life will not be happy." He pointed out that when no limit is set on the investment period of Taiwan enterprises, the enterprises will consider their management on a long-term basis, and they will continue to renovate their technologies and to raise the quality of their products. This will benefit both sides.

Mainland, Taiwan Exchange Scholars

HK0109113988 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 34, 22 Aug 88 pp 22, 23

[Article by Yang Yuanhu (2799 6678 5706) and Wang Yu (3769 3768): "The First Academic Exchange in Beijing Between Historians From Both Sides of the Strait"]

[Text] In early August, Beijing was burning hot. More than 20 historians from Taiwan, the other side of the strait, came to Beijing to a gathering with researchers of the Taiwan issue after they concluded their academic exchange activities in Xiamen. On 8 August, dozens of scholars from both sides of the strait attended the academic symposium at the Friendship Hotel in Beijing, and that was the first such meeting between the scholars from both sides of the strait.

Common Duty [subhead]

Zhao Fusan, deputy president of the Chinese Academy of Social Sciences, delivered a greeting speech at the meeting. He said: The Chinese nation is a young nation with a long history, and is a nation with a strong sense of history. At present, all countries in the East and in the West are reappraising their own national conditions, and a global trend of reform and exploration has appeared. This determines a peaceful competition between various nations for their future. Whether China can make a good score will determine China's international position in the 21st century.

Zhao Fusan said: All Chinese scholars on the mainland, in Taiwan, or in overseas areas with foreign nationality are concerned about the development of our nation. On this point, we share a common duty.

The same sense of historical responsibility linked scholars from the two sides of the strait together. Wang Hsiao-po, president of the Taiwan History Research Society and a professor of the World News School, briefed the meeting participants on the founding of his research society and its purpose and academic position. Last September, the society decided to organize an academic delegation to visit the mainland and to conduct academic exchanges and seek the historical root of the Taiwan people. However, their plan was obstructed by the Taiwan authorities. So the members of the research society could only make use of the opportunity

of visiting their mainland relatives to conduct academic exchanges with the mainland scholars in their individual capacities and make academic investigations.

Chen Guying, a visiting professor of Beijing University, said that he was gratified at the arrival of the Taiwan historians who had undergone many twists and turns to achieve their purpose. He said that it is an arduous job to study Taiwan history in Taiwan, but now the studies of Taiwan history on Taiwan are on the rise.

Lively Discussion [subhead]

The scholars from both sides of the strait had made rather good preparations for the symposium. After receiving the topics of the papers written by the Taiwan scholars, the scholars in the Taiwan Research Institute of the Chinese Academy of Social Sciences also wrote their own papers according to the themes of the Taiwan treatises. At the symposium, they read eight papers in four categories, covering such issues as the Taiwan people's anti-Japanese history, the development of democratic politics in Taiwan, the dispute between reunification and independence in Taiwan, and Taiwan's labor movements. All these treatises proceeded from historical development, focused on present conditions, and predicted future development.

At the symposium, scholars from the two sides took turns reading their papers. The time limit for reading each paper was 20 minutes, and each of the impromptu speeches was limited to 5 minutes. After a treatise was read, the discussion on it was very lively. The chairman of the symposium could not arrange the order of the speeches, and repeatedly reminded those who were speaking that their time limit was up.

After mainland scholar Li Shuiwang, associate researcher of the Taiwan Institute, finished reading his treatise entitled "A Historical View of the Opposition Parties in Taiwan and the Development Prospects of 'Party Politics,'" Zhang Chunnan, a former member of the "National Assembly" in Taiwan who has settled down on the mainland, immediately stepped to the rostrum and said: "Mr Li has made a brilliant speech, but I can't agree with his point that the reason why party politics in Taiwan could not be greatly developed lies in the lower degree and late starting of economic development and in the restriction of the KMT authorities. Now Taiwan's economy has developed to a level higher than Japan and the FRG after the end of World War II, but these two countries realized party politics even in the years after the end of World War II. Why can't Taiwan realize this even now?"

For this, Yin Chang-yi, a professor at Taiwan's Fugen University, also expressed the same feelings. He said that Mr Li Shuiwang's viewpoint was the most pessimistic

opinion about the prospects of Taiwan's democratic politics that he has heard so far. On the contrary, the public in Taiwan is now more confident about democratic reform.

The mainland and Taiwan scholars approached Taiwan history from their respective angles of research, and they gave inspiration to each other and their theses complemented each other through the academic exchanges. Prof Wang Hsiao-po's treatise "A Historical View of the Anti-Japanese Movements in Taiwan in the Period of Japanese Occupation" analyzed this part of history in Taiwan from a wide angle and its relations with the anti-Japanese movements on the mainland and with China's modern history. Zhou Qing, researcher at the Taiwan Institute, delivered a treatise "Characteristics of the Anti-Japanese Struggle in the Later Period of the War in Taiwan." He focused his analysis on the specific characteristics of the anti-Japanese struggle from a narrower angle.

Mr Cai Zimin, a Taiwan compatriot of advanced age who experienced the anti-Japanese struggle in Taiwan, said that both the papers of Wong Hsiao-po and Zhou Qing left out some important figures and events in the anti-Japanese struggle, and he was ready to offer the data in this regard and hoped that these two treatises would be replenished after the symposium and would include more historical materials.

At the meeting, the mainland scholars pointed out that the academic circles on the mainland had not yet made sufficient studies of the history of the anti-Japanese struggle in Taiwan, and they will strengthen the studies in this respect in the future. Prof Zhao Fusan said: In the mainland's secondary school history textbooks, there is no description of the Taiwan people's anti-Japanese struggle, so this part must be added to the textbooks. Prof Chen Guying proposed that the history of the Taiwan people's anti-Japanese struggle be included in the secondary school history textbooks on the mainland, and he also hoped that this part of history would also be added to Taiwan's secondary school textbooks. He said that the historical wounds in the struggle against the Japanese aggressors were deeply imprinted in the minds of the Chinese nation, and people on both sides of the strait should bear this historical lesson in mind.

At present, there are bitter and intense disputes in people's stand for reunification and independence inside and outside Taiwan. Prof Yin Chang-yi of Taiwan's Fugen University delivered his treatise entitled "A Historical View of China's Reunification and Taiwan's Independence," where he expounded the two trends of reunification and independence in the world, the influence of the orthodox viewpoint and the theory of reunification on China's historical development, and the dividing and independent conditions in China in modern history. He held that the intense dispute between people who stand for reunification and independence in Taiwan was a result of the relaxation of the hostile and

antagonistic relations between the two sides of the strait. There are complicated historical and current reasons for the dividing condition between the mainland and Taiwan and for the controversy over the issue of reunification and independence in Taiwan. Steady reforms, good will, mutual accommodation, moderate means, and a long-term point of view provide feasible ways to terminate the dividing condition and solve the controversy over the issue of reunification and independence.

Gratifying Breakthrough [subhead]

When talking about his feelings about the academic symposium, Li Jiaquan, deputy director of the Taiwan Institute of the Chinese Academy of Social Sciences, said that in the past 3 years since its founding, the Taiwan Institute has participated in more than 10 international academic exchanges and has received more than 200 visiting overseas scholars, but all exchanges with Taiwan scholars were indirect. This time, more than 20 Taiwan scholars came directly from the other side of the strait and conducted face-to-face exchanges with us. This was a new breakthrough under the new situation, and marked a new step forward in the academic exchanges between the two sides.

He hoped that this meeting would be the beginning of the constant exchanges, and the scholars on the two sides of the strait would act as a bridge and "pioneer" in the communication between the two sides, and would make contributions to the further improvement of relations between the two sides and to the promotion of the motherland's peaceful reunification.

Li Jiaquan said: At the symposium, although the mainland scholars gathered quite a lot of materials which were rather comprehensive, they lacked direct experience and just viewed Taiwan from the other side of the strait, so their analyses were too conservative. On the other hand, the Taiwan scholars understood Taiwan better as they live there, and could more realistically reflect the actual conditions there. He believed that through exchanges and communication, the scholars on both sides will increase their mutual understanding and learn from each other.

Prof Yin Chang-yi said: This time, he felt that the mainland scholars' treatises on Taiwan history lacked realistic insight. It is true that there are difficulties in studying Taiwan on the mainland, but such difficulties are not completely impassable. If people can do brilliant research of Han Dynasty's history, they should do better research of Taiwan's history.

Guo Xiangzhi, associate researcher of the Taiwan Institute, said after the end of the symposium that the thinking of the Taiwan scholars was more concrete. They did not proceed from some conclusions, and could summarize objectively by analyzing many facts. Their shortcoming was that they failed to make analysis from a wider angle and to predict the future development. On

the other hand, the mainland scholars' study of Taiwan history was restrained by their objective conditions, and the materials they could gather were rather limited, but they tended to approach the concrete issues from a wider angle.

Cheng Tsu, a lecturer for Taiwan's Fengchia University and Tunghai University, said after reading the academic papers of the mainland scholars that when the mainland scholars wrote their papers, they neglected the origin of the historical materials. Some treatises did not note the sources. Cheng Tsu said that unless you separate yourself from the academic circles, you must follow the general rules in academic research, that is, to note the sources of the materials.

Yang Jinlin, an assistant researcher of the Taiwan Research Institute of Xiamen University, said that exchanges and communication between scholars are the purest and noblest thing, and must not be disturbed by any political factor. He said that mainland scholars are looking forward to more extensive academic exchanges with their counterparts in Taiwan.

Professor Cited on CPC's Reunification Ideas

HK0109082188 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0728 GMT 30 Aug 88

[Report: "Key Points of Xiong Jie's Talk—CPC's New Ideas on the Question of Reunification"]

[Text] [No dateline as received] Some Taiwan newspapers started reporting the speech—"CPC's New Ideas on the Question of Reunification"—delivered in Taipei by Xiong Jie, a New York University professor, on 20 August. According to Taiwan newspaper reports, the main points of Xiong Jie's speech are:

1) On the form of reunification, the idea of the CPC decision-makers is to set up a coalition government of both sides of the strait, and to adopt a new constitution agreed to by both sides through political consultation. The system of government is to be decided through negotiations between the two sides. However, after comparison, the CPC considers the adoption of the previous "May 5 Draft Constitution" perhaps will be simpler.

2) CPC leaders mentioned two points regarding the Four Insist's: First, these Four Insist's are only applicable on the mainland, and is not applicable in Hong Kong and Taiwan. Second, in the future when Taiwan reunites with the mainland, the Four Insist's will not be included in the new constitution, which would be jointly formulated and agreed by both sides.

3) When possible, the CPC would announce the banning of the use of force toward Taiwan. The wording that the Taiwan issue would not be solved by force is mainly referring to foreign powers. That means when foreign powers use armed force to interfere in this issue or to

make "Taiwan independent," the CPC would not rule out the use of force. When the CPC talks to Taiwan compatriots, it has never said that it will use force.

4) At present, what worries the CPC most is that after the death of Mr Chiang Ching-kuo, Taiwan will incline more to the idea of "Taiwan independence," or "independent Taiwan." Another worry of the CPC is the question of the "overall re-election of Taiwan's National Assembly." It thinks that it may become a "National Assembly of Taiwan," and Taiwan's political umbilical cord connecting it with the mainland would thus be cut. In order to avoid the above-mentioned situation, the CPC, when it is necessary, "may announce that Taiwan is welcome to conduct the re-election on the mainland."

Apart from these, the CPC is very concerned about the the "mainlanders" who are in Taiwan. It thinks that they are hoping for reunification. Therefore, it is "hoped that they can help the mainlanders." For instance, they will be given preference when they conduct trade with and invest on the mainland. For those who consider themselves Chinese, and those opposing the idea of Taiwan independence, will receive favorable treatments.

Fang Yi Fetes Go Tournament Sponsor
OW2508213888 Beijing XINHUA in English
1506 GMT 25 Aug 88

[Text] Beijing, August 25 (XINHUA)—Fang Yi, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, this evening

met with and feted Ing Chang-ki from Chinese Taipei and H. L. Kung, vice-president of the Hong Kong Pan Pacific Weichi, Ltd., here at the Great Hall of the People.

Ing and Kung are here for the first "Ing' cup" world professional go chess championship, which is initiated and funded by Ing, and organized by the Pan Pacific Weichi, Ltd. and the Weiqi Association of China, of which Fang is the honorary president.

Beijing, Taipei Plan Painting Exhibit
OW0109084588 Beijing XINHUA in English
0719 GMT 1 Sep 88

[Text] Beijing, September 1 (XINHUA)—Painting exhibitions for Chinese painter Jia Youfu will be held simultaneously in Beijing and Taipei in September.

This is the first time in 40 years that works by a mainland painter will be on show in Beijing and Taipei at the same time.

The exhibitions are sponsored respectively by the Chinese Artists Association, the Chinese Painting Academy, the Orient Society of Art Exchange, the Central Academy of Fine Art and by the Hsiung Shih gallery in Taipei City.

Most of the 120 paintings to be displayed are landscape paintings of the Taihang mountains.

Jia Youfu, aged 46, is an associate professor at the Central Academy of Fine Arts. He was tutored by the famous Chinese painting master Li Keran. In recent years, Jia has participated in a number of important exhibitions in China and abroad.

Banking Talks With U.S. End, Mood 'Harmonious'
*OW0209060488 Taipei CNA in English 0307 GMT
2 Sep 88*

[Text] Taipei, Sept. 2 (CNA)—Fredrick F. Chien, chairman of the Council for Economic Planning and Development (CEPD), Thursday described as "harmonious" the mood of the just concluded Sino-American banking consultations in Washington, D.C., even though both sides have not yet completely agreed on some issues.

Chien told the press in Taipei he was very satisfied with the preparation done by Finance Ministry staffers for the consultations. "Because of their efforts, the Chinese negotiators could explain in detail all the problems brought up by the U.S. side; this greatly helped promote mutual understanding," Chien said.

Vincent C. Siew, vice CEPD chairman and also spokesman for the ad hoc cabinet-level Sino-American trade committee, said that U.S. calls for the further opening of Taiwan markets coincided with the ROC's [Republic of China's] established policy—economic liberalization. "The policy, however, must be implemented step by step," Siew added.

Siew ruled out a proposed timetable to open the local banking market to foreign competitors, saying any revisions of the law and regulations need legislative approval, and that cannot be controlled by the administrative branch.

However, a ranking Finance Ministry official, who asked not to be named, told CNA that permission for more foreign insurance companies to do business in Taiwan and to jointly issue debit cards with their local counterparts are inevitable.

At present, four foreign insurance companies have established branch offices in the ROC.

The official pointed out that opening local banking is not only in the ROC's interests, but will also take the nation one step closer to banking internationalization.

Scholars Urge More Flexible Foreign Policy
*OW2908044688 Taipei CNA in English 0311 GMT
29 Aug 88*

[Text] Taipei, Aug. 29 (CNA)—The Republic of China [ROC] Government should upgrade the level of its agencies responsible for mainland affairs if it wants its mainland policy to be fully implemented, a local scholar urged Sunday.

In order to promote mutual understanding, the government should plan for academic, sports, and cultural exchanges and for news coverage between the two sides

of the Taiwan straits, Lu Ya-li, professor of political science at National Taiwan University, reported at a symposium sponsored by the newly established 21st Century Foundation.

At the same time, the Peiping regime should also renounce both its attempts to invade Taiwan by force and its so-called "four insurances" policy. The two sides could then meet to formulate a transition period reunification model to convene a national reconstruction council, Prof. Lu suggested.

Discussing the ROC's external affairs, Prof. Lu suggested that the government strengthen substantive ties to its counterparts with which it has no formal relationships. He also recommended the government adopt a more flexible policy in applying to join international organizations. In one word, Prof. Lu said, the government should "seek to join them first and then further improve its position."

Lu also urged the government to be practical in dealing with foreign affairs so as to break through current diplomatic difficulties and to better protect national interests and rights.

Speaking of national political development, Professor Lin Chia-cheng of Soochow University urged that the central parliamentary bodies, frozen in office for over 40 years, be elected and the temporary provisions effective during the period of communist rebellion be revised as soon as possible, to minimize potential political confrontations.

Prof. Lin called on the ruling Kuomintang to have a more open mind in competing with the Democratic Progressive Party [DPP]. "The DPP should also understand, however, that any radical measure it might adopt would not be in its interests."

Interior Ministry Preparing Emigration Law
*OW3108031988 Taipei CNA in English
0242 GMT 31 Aug 88*

[Text] Taipei, Aug. 31 (CNA)—The Ministry of the Interior will coordinate the work of other government agencies in drafting a law to govern both immigration to and emigration from the Republic of China, a ranking Interior Ministry official said Tuesday.

"Now that the Government has resolved to encourage local citizens to emigrate to other countries, the Interior Ministry must carefully consider potential developments resulting from the policy," said Chien Tai-lang, director of the ministry's Population Administration Department.

At present, the Ministry of Economic Affairs and the Overseas Chinese Affairs Commission have different standards for people in Taiwan applying for employment

overseas or to visit overseas relatives. Chien said that the ministry's coordination efforts will help unify standards and shape the proposed immigration and emigration policy.

Although the Government is assisting its citizens to settle in foreign countries to ease heavy population pressures here, Chien said, "the Government will seek to prevent a brain drain from developing."

To improve the law, Chien said his ministry will solicit the opinions of other government agencies, scholars, experts, and the general public before the drafting of the proposed law is completed.

Radio Commentary on Aborigines' Protest March
OW3108040888 Taipei International Service
in English 0200 GMT 29 Aug 88

[Station commentary: "An Aborigines March"]

[Text] Long known for their seasonal tribal dances, Taiwan's aborigines united this week to march on Taipei, to air grievances over, among other things, land claims that they say the government has ignored. About 1,500 aborigines, hailing from 9 tribes that populate various regions of Taiwan, joined the march in downtown Taipei on Thursday [25 August].

Traditionally, Taiwan's aboriginal tribes have been very competitive among themselves. But today, they have tended to cast their differences aside, essentially because they have a shared concern for their welfare. The problem is old, but not one that has been ignored by the government over the years.

In a nutshell, Taiwan's aborigines feel that, as a whole, they have been cast as misfits in Taiwan's newly modernized society. The issue goes back virtually 300 years, when large-scale Chinese immigration to Taiwan began. At that time, the aborigines were pushed from coastal regions into the central mountain range, where most have remained since. The exceptions are those tribes which inhabit some of Taiwan's offshore islands.

In those days, the aborigines and Chinese settlers obviously did not get along. But in later years, specially after the huge influx of Mainland Chinese refugees came to Taiwan in 1948-49, the aborigines learned to assimilate into the mainstream of Taiwan's Chinese culture and society.

The year 1949 was when the government of the Republic of China moved its seat to Taipei, following the communist takeover of Mainland China. Over the past 40 years, the government has strived to help all the different ethnic and provincial groups of Chinese and other races living on Taiwan to form a melting pot society.

This has included a major effort to bring the aborigines into the mainstream of Taiwan's social, economic, and political life. It has also meant the allocation of special resources for development of remote areas where aboriginal tribes continue to group.

The government's program has, admittedly, experienced as many failures as successes. In some ways, the aborigines have reached out and accepted assimilation; in other ways, they have continued to resent being what some of them call second class citizens.

That charge, one that was aired in Thursday's demonstrations, is fair in the sense that the aborigines as a collective group are poorer and less educated than other ethnic groups on Taiwan. And they are somewhat behind the times as a result.

But, to be fair to the government, the fact is that many aborigines have rejected government assistance and the modernism it implies. They have remained in a shell of the past, choosing traditional lifestyles over the vibrant modern ones that have engulfed Taiwan in recent years.

The point is that the government is not guilty of neglect. It has tried, almost too persistently over the years, to accommodate the aborigines. But the problems of trying to move an entire culture from one point in time to another have been difficult to overcome.

The government will never waver in its belief that the aborigine are special people deserving special attention. Thursday's demonstration brought this into sharper focus, making clear that the government must do more to make the aborigines feel more at home in Taiwan's modern, Chinese society.

Hong Kong

PRC Dissident Fang Lizhi Continues Visit

Discusses Territory, PRC
*HK0209033188 Hong Kong SOUTH CHINA
MORNING POST in English 2 Sep 88 p 1*

[By Lai Pui-Yee and Raymond Wang]

[Text] Professor Fang Lizhi, an open critic of China's marxist orthodoxy, yesterday praised Hong Kong's accomplishments and said the territory could help promote democracy in China.

The 52-year-old astrophysicist, accompanied by his wife Mrs Fang Li Shuxian, arrived in the territory yesterday after visits to Australia and Singapore.

The visit to Hong Kong—his first in several years—would have been made eight months ago if not for the mainland's unfavourable political atmosphere then.

Professor Fang said at the airport that he would like to meet local advocates of democracy and learn more about Hong Kong's political system.

The scholar, described as China's Sakharov by some Western media, will call on the NEW CHINA NEWS AGENCY today.

Asked about his views on Hong Kong after 1997, he said the local people should strive to maintain what they think would best suit them.

"Democracy is not granted. Hong Kong's political environment after its return to China should be determined by the local people."

The professor had a high regard for Hong Kong's achievement, saying that it enjoyed freedom of speech and had a well-developed economy.

"Nevertheless, Hong Kong's democracy is still not enough compared to that in developed countries," he said.

Professor Fang said Hong Kong people had more means than their compatriots on the mainland to seek their rights.

"It is a pity if Hong Kong people do not speak up on issues. Hong Kong can be a base from which China's democracy can develop," he added.

Unlike many mainland scholars, Professor Fang did not think the plan of "one country, two systems" would be the best solution for reunification with Taiwan.

China should put more effort in its modernization. Only when both mainland and Taiwan are modernized can there be a feasible reunification, he said.

On developments on the mainland, Professor Fang said the recent price hikes were not necessarily the result of economic reform.

"It may be due to government red tape and the faulty political system," he said, adding that the leadership should find out the real causes and adopt proper corrective measures.

He said China has undergone many reforms under the leadership of Mr Deng Xiaoping. However, the reforms have concentrated on the economy and there is little change in the political arena.

"China is not lacking political infrastructures like the Constitution. However, it does not provide sufficient guarantee for human rights."

The scholar also said China should give up its system of state ownership.

The country will not be able to modernize if it does not break the shackles of Maoist and Stalinist-style socialism, he said.

"There is not even one single successful example of a socialist country, including the Soviet Union," he added.

Professor Fang said he favoured pluralisation of politics in China.

"The level of democracy in China is so low. If only one party is allowed to dominate, there is a slim chance for modernization to succeed."

The critic said he would not rejoin the Chinese Communist Party even if invited. He was expelled from the party along with several other prominent intellectuals, including journalist Liu Binyan, early last year at the height of the anti-bourgeois liberalization campaign.

Links Reform, Multiparty System
*HK0209032388 Hong Kong HONGKONG
STANDARD in English 2 Sep 88 p 6*

[By Fan Cheuk-Wan]

[Text] A high-spirited Professor Fang Lizhi arrived in Hong Kong yesterday and launched into yet another display of verbal pyrotechnics against the Chinese political system.

The most prominent mainland dissident, Prof Fang even burst into laughter as he threw his favourite barbs at the system.

Meeting reporters at the airport, he said: "It's impossible to achieve modernisation in China with only the Communist Party. Modernisation can only be accomplished by the whole people.

"To modernise China, politics in our country must be diversified. Multi-party politics should be the ultimate end of the political reforms."

Then he threw that oft-repeated quote of his: "Democracy is democracy. There is no such thing as democracy with Chinese characteristic." Followed by a burst of laughter.

Elaborating, he said: "The basic elements of democracy, such as the freedom of speech and freedom of thought, are the same in different countries."

But he does not expect an opposition party to appear soon.

"It's only the first step for China to develop democracy. The human rights promised in the constitution are not realised at the moment," he said.

But after the anti-bourgeois liberalism campaign, Prof Fang said the frontiers of freedom in China had been rolled back.

"I've already been actively involved in politics now. But I concern myself with public affairs and political issues just in the capacity of an individual of society," he said.

However, the dissident ruled out the possibility of his direct participation in party politics, despite his strong support of a multi-party system in China.

"I'm a scientist, not a politician. I call for freedom and democracy out of my sense of social responsibility," he said.

But he criticised the suggestion that intellectuals restrict their focus to scientific matters, not politics.

"Marxism is totally out of fashion. China must abandon the Stalinist and Maoist-style of socialism," he said.

Prof Fang said China was developing capitalism instead of socialism. But he regarded Deng Xiaoping as more conservative than the Soviet leaders.

Having visited the territory several times, Prof Fang does not believe the 1997 issue constitutes a great political problem for Hong Kong people.

The liberal scientist urged the Hong Kong people to take the initiative and fight Beijing for the "granting" of rights.

"The prospect of Hong Kong's political reforms depends largely on the attitude of Hong Kong people," he said.

"The mainland has its way to fight for political reforms and Hong Kong should have its only style. I think Hong Kong will even have more alternatives in its democratic reforms.

"Hong Kong now has greater freedom of speech and expression. If Hong Kong people are willing to speak up, they can fight for more democracy.

"People on the mainland also expressed discontent towards the economic reforms."

Earning a monthly salary of 260 yuan (HK\$520) and his wife earning 150 yuan (\$300), the couple felt pressure in maintaining living standards.

"Inflation on the mainland is not caused by a single reason. Bureaucratism and corruption are also main causes of the problem. Price rises do not necessarily bring about economic development," he said.

Prof Fang blamed economic reforms promoted by Deng Xiaoping and party chief Zhao Ziyang as lacking theoretical backing.

"I think the Chinese government should conduct scientific studies on blueprints of the economic reforms before introducing any national policies," he said.

Refugee Policy Implemented; No Deportations

No Immediate Relief for Refugees
HK3108072188 Hong Kong HONGKONG STANDARD in English 31 Aug 88 p 3

[By Winnie Fu]

[Text] There is no immediate relief in sight for more than 4,000 Vietnamese refugees at the San Yick closed camp. The Government has yet to choose a replacement location for the much-criticised factory building in Tuen Mun.

The acting refugee coordinator, Mr Mike Hanson, said the Government would continue to improve conditions in the camp.

Mr Ish Bhagat, assistant commissioner of the Correctional Services Department, said he knew of no alternative site being sought to replace San Yick, attacked on Monday by an Australian humanitarian group as "a dreadful concentration camp."

He said it would take time for the Government to come up with a solution.

Another 42 Vietnamese boat people arrived in the territory yesterday, raising the total to 9,117 since the Government introduced its screening policy on June 16.

Mr Hanson refused to comment on Malaysia's announcement it will treat boat people as illegal immigrants.

Malaysian Foreign Ministry Secretary-General Yusof Hatim said on Monday Vietnamese arrivals in Malaysia would be arrested, charged as illegal immigrants and sent back to Vietnam.

In talks in Hanoi, Vietnam had also agreed to send a team to Malaysia to urge Vietnamese there to return home.

Mr Hanson said the Security Branch would release a statement later this week on allegations that more than 90 Vietnamese boat people had complained of being beaten with truncheons in one of the territory's closed camps.

Date for Talks With SRV Undecided

OW3108013988 Beijing XINHUA in English
0027 GMT 31 Aug 88

[Text] Hong Kong, August 31 (XINHUA)—Hong Kong has not yet decided on the time of the second round of talks with Hanoi despite the news about the hardened policy adopted by Malaysia towards the Vietnamese boat people, local press said Tuesday.

It has been reported that Vietnamese boat people arriving in Malaysia will be arrested, charged as illegal immigrants and then deported to Vietnam.

The Hong Kong Government on June 16 introduced a new policy of treating new arrivals as illegal immigrants but has not gone as far as Malaysia in prosecuting and deporting them.

The "NEW EVENING POST" quoted foreign press as saying that Vietnam had agreed to cooperate in the repatriation of 14,000 Vietnamese boat people now in Malaysia.

It said that Hong Kong authorities are still monitoring the trend of the influx of Vietnamese boat people.

The Hong Kong Government will start the second round of talks with Vietnam on the condition that the Vietnamese Government has really taken measures to prevent its people from leaving the country, the paper said.

Government Firm on Policy

OW2708051288 Beijing XINHUA in English
0050 GMT 27 Aug 88

[Text] Hong Kong, August 27 (XINHUA)—The Hong Kong Government will continue its efforts to get its screening policy publicized in Vietnam as a major measure to stem the influx of Vietnamese boat people.

Vietnamese people should be aware that Hong Kong is not an easy route to the outside world, local authorities reaffirmed this Friday.

More than 8,900 Vietnamese boat people arrived in Hong Kong since the government adopted the screening policy on June 16 to separate economic emigrants from genuine refugees.

The number has already exceeded all the arrivals last year and brought the total boat people population in Hong Kong to about 25,000.

Although the number of new arrivals is declining, the local authorities found it hard to predict the trend later this year.

If they continue to come in, Hong Kong will continue to hold them until they are repatriated, according to government sources.

Hong Kong sincerely hope to see repatriation start in a reasonably near future, well before 1993 as some local papers had predicted, the sources said.

It is difficult indeed to manage to house all those Vietnamese boat people in Hong Kong, according to the sources.

Up to date, 103 Vietnamese have requested to be repatriated voluntarily to their own country and only 14 have been sent back, statistics show.

The government would intensify the publicity campaign through various channels, hoping to make the screening policy known to every Vietnamese thinking of leaving for Hong Kong.

In addition, a government statement confirmed Friday that about 80 Vietnamese children born in Hong Kong before January 1, 1983, have obtained Hong Kong permanent resident status and would be admitted to a primary school.

Australian Expert Unhappy With Refugee Camp

HK3008081188 Hong Kong SOUTH CHINA
MORNING POST in English 30 Aug 88 pp 1, 2

[By Simon Macklin]

[Text] The San Yick closed camp, used to house more than 4,000 Vietnamese refugees, was described by a visiting aid worker yesterday as worse than any prison in the world.

The president of the Refugee Counsel of Australia, Major-General Paul Cullen, said in an interview on RTHK that he had been shocked by the conditions in the 12-storey block in Tuen Mun.

He described the building where more than 1,000 children live as a dreadful concentration camp.

"There is no sunlight, no room for education and very little room for any exercise or recreation at all," General Cullen said.

"There is no prison in the world... that has such bare conditions."

Few of the toilets in the building work and many of the floors are awash with raw sewage.

The factory building has been used as a closed camp since the middle of July and in that time the refugees have not been allowed out into the fresh air for exercise.

General Cullen claimed the conditions inside the building did not conform to basic conditions required by the Red Cross and other humanitarian organizations.

Other relief agencies and the office of the United Nations High Commission on Refugees (UNHCR) have been pressuring the Government to close the building.

They have asked for the refugees to be found more "humanitarian" housing.

Government officials refuse to say if they are looking for an alternative to the San Yick site in which to house the refugees, all of whom arrived in Hong Kong before June 16 when the Government introduced its new policy.

But the Government's refugee coordinator, Mr Michael Hanson, has said the conditions in the 12 storey building need to be improved.

Mr Hanson said the Government had been forced by a lack of space to keep the refugees in the building which formerly served as an electrical assembly plant.

But the UNHCR head office in Geneva has appointed a legal officer to be posted to Hong Kong to ensure the protection of the Vietnamese boat people in the territory and to ensure the maintenance of their human rights.

A spokesman for the UNHCR in Geneva said the legal officer would help to police the legal rights of all asylum seekers in Hong Kong.

"The officer will visit people in closed camps and detention centres and investigate individual complaints as well as look at more general problems," the spokesman said.

The officer would also check on the general living conditions of the camps and detention centres, he said.

But the spokesman denied there was any connection between the appointment and the UNHCR's claim that about 100 Vietnamese boat people at Hei Ling Chau had been assaulted by Correctional Services staff on July 19.

The move comes at a time when the UNHCR is still awaiting response from the Hong Kong Government for an appeal for an independent inquiry into the allegations.

The spokesman said the legal officer had been appointed as a result of the increase in the number of Vietnamese boat people in Hong Kong.

"Our office in Hong Kong has so far been quite small and with the larger numbers of asylum seekers arriving in Hong Kong there was considered to be a need for the new appointment," the spokesman said.

Camp 'Serious Fire Hazard'

HK3108072988 Hong Kong SOUTH CHINA
MORNING POST in English 31 Aug 88 p 3

[By Simon Macklin]

[Text] The San Yick closed camp represents a serious fire hazard for the 4,000 Vietnamese refugees crowded into the former Tuen Mun factory building, according to relief agency workers.

And the president of the Refugee Council of Australia, Major-General Paul Cullen, has said he will raise the issue with the British and Australian Governments.

"The building is not only a health hazard for the refugees but a serious fire hazard," said General Cullen after visiting the camp.

"The fire precautions are very inadequate, there is a sprinkler system that does not seem to work and there appeared to be no fire extinguishers," he said.

And at night steel gates were locked barring fire exits. "The steel gates restrict the size of the doorways—if there was a fire I doubt everybody could get out," he said.

The overcrowding in the building with almost 750 people crammed on to each floor meant fires could easily be started.

Voluntary workers at San Yick have said the keys to the fire exits are not readily available and refugees might have to wait up to 30 minutes before the gates could be unlocked.

Representatives of the United Nations High Commission for Refugees are understood to have warned government security branch officials that the building represents a fire risk.

General Cullen said he had been visiting refugee camps on behalf of the refugee council for the last 20 years but had never seen such poor conditions.

He said he would raise the issue with his own government when he returned to Australia and would seek to get pressure brought to have the building closed.

He will also make a report to the international council for voluntary agencies in Geneva.

A further 42 Vietnamese boat people sailed into Hong Kong yesterday bringing the number to have arrived since the government introduced its new screening policy on June 16 to 9,117.

7 Local Civil Servants Named to Key Posts
OW3108135488 Beijing XINHUA in English
0736 GMT 31 Aug 88

[Text] Hong Kong, August 31 (XINHUA)—Seven local civil servants in Hong Kong were yesterday appointed to top level posts in a major reshuffle aimed at putting younger policy makers in charge well before 1997.

The new appointment has doubled the number of locals holding secretarial posts to eight and dropped the average age of secretaries by three years from 53 to 50.

A notable move is Deputy Chief Secretary John Chan Cho-chak, 45, who will succeed Hamish MacLeod, 48, as secretary for trade and industry. For the past year, Chan has been in charge of political and constitutional affairs.

Other positions involved in the reshuffle include the head for health and welfare, regional secretary (Hong Kong and Kowloon), deputy chief secretary, regional secretary (New Territories), director of urban services, secretary for education and manpower.

Deputy financial secretary and Hong Kong commissioner in London have also been changed in the moves.

"Promotions are based first and foremost on merit rather than seniority," secretary for the civil service, Harnam Grewal, commented on the reshuffle.



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